FINANCIAL TIMES

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NUM and coal board to meet on Tuesday

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE leadership of the National Union of Mineworkers, now in the 11th month of Britain's longest major strike, is preparing to enter a final round of negotiations with the National Coal Board aimed at a deal which would pave the way for pit closures on economic grounds.

Mr Arthur Scargill, the NUM president, yesterday said that the union had accepted an invitation from the coal board to hold informal discussions on Tuesday. The discussions will seek to produce a written agenda for substantive talks involving the entire NUM executive.

The coal board will insist in these preliminary talks that the union agrees to have two issues high on the agenda: the closure of uneconomic pits and the *management's right to manage.* Further, the Government and the coal board will insist that these are written into the final agreement in some form.

They will not permit the agreement to go in any significant way beyond the details of the agreement between the coal board and Nacods, the pit deputies' union, concluded in October. This provided for an independent review body which would adjudicate on all proposed closures.

It is likely that the coal board will press for the terms of reference of the review body to *include a consideration of* "costs of production," among other factors.

The only sweetener for the union could be a recognition in the agrement that it should retain the right to oppose pit closures by means up to and including industrial action—hardly a major concession to an independent union.

An indication of the toughening of the coal board's line is that its team handling the preliminary talks with Mr Peter Heathfield, the NUM general secretary, will be headed by Mr *Merrik Spanton, the coal board* member for personnel.

Mr Ned Smith, the industrial relations director, whose attempt to move to a settlement on a less explicit basis earlier in the week was repudiated by Mr Ian MacGregor, the coal board chairman, is not included in the team. He is to retire from the coal board next week.

Uncertainties surround the possibility of an agreement, although it is clear that the strike is in its final stage. Mr Scargill, whose public position remains only that the union will talk without preconditions, will find the coal board's demands hard, if not impossible, to accept. However, his strategy of continuing defiance has lost him support he needs on the NUM executive.

Centrist figures such as Mr Sid Vincent, general secretary of the Lancashire NUM, and Mr Denis Murphy, president of Northumberland NUM, now see no alternative but to sue for peace. Mr Scargill's two closest colleacues, Mr Heathfield and Mr Mick McGahey, the union vice-president, also see the need to consider concessions.

It seems certain that the union will not be able to get assurances that the 4m tonne cut in capacity proposed on March 6 and the closure of five named pits will be lifted. It will

Continued on Back Page
Council workers' strike threat, Page 4; Miners spurn written pledges, Page 4; Features, Page 24

WORLD NEWS

Howe in attack on Tory critics

Foreign Secretary Sir Geoffrey Howe, in a speech to the Cambridge University Conservative Association, attacked the Government's Tory critics and urged them "to maintain the cohesion of our party." Back Page

Dikko extradition call

Nigeria's military government requested the extradition from Britain of Alhaji Umaru Dikko, the victim of an unsuccessful kidnapping in London last June.

PM proposition claim

Mrs Thatcher was sexually propositioned by a leading public figure at the Queen's official residence in Scotland, Conservative MP Nicholas Fairbairn said during Commons debate on the Sexual Offences Bill.

TGWU backs Kinnock

The transport workers' union will oppose any channege this yearto Neil Kinnock's leadership of the Labour Party, said the union's general secretary-elect Ron Todd. Page 4

Austria row over Reder

Opposition politicians in Austria called for the resignation of defence minister Friedhelm Frischenschlager who met former SS officer Walter Reder on his return from prison in Italy. Page 2

Turkish Cypriot polls

Turkish Cypriot leader Rauf Denktash announced elections for his breakaway state in northern Cyprus on June 23. Page 2

Israel, Egypt talks

Israel and Egypt are to meet at Beersheva tomorrow for the first time in two years to discuss security for the disputed Taba region.

£5m for famine relief

The Government announced further aid of £5m for famine relief in Africa, mostly for Ethiopia and the Sudan.

Patients go private

Patients of the NHS are being treated in North-east private hospitals in a partnership scheme between public and private health sectors. Page 4

Air licence challenge

The Civil Aviation Authority is to be challenged in court on Tuesday over its refusal of a licence to Highland Express which plans low-fare trans-Atlantic flights. Page 4

UDR man jailed

Geoffrey Edwards, an Ulster Defence Regiment member, was sentenced to life imprisonment in Belfast for the murder of a Sinn Fein worker. He pleaded guilty to 18 other charges including six attempted murders.

Holidays abroad fall

The travel trade estimates there will bea 10 to 15 per cent fall in Britons on holiday abroad this summer. Page 3

Financial Times

We apologise for typographical errors in this edition, particularly in statistical material, resulting from industrial action by National Graphical Association and Sogat '82 reading-room members.

BUSINESS SUMMARY

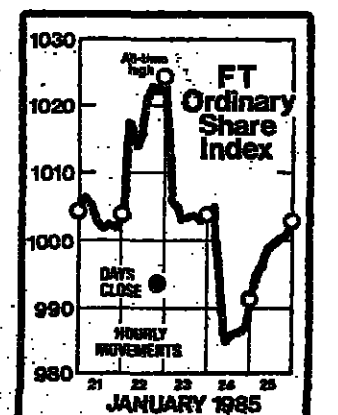
Managers at Lucas leave in reshuffle

LUCAS INDUSTRIES managers *Keith Wills and Marcus Beresford* have resigned from their posts in a management upheaval at the Birmingham-based motor and aerospace components group.

The two men have left Lucas Electrical, *the group's electrical* and electronic car components subsidiary. Back Page

ICI and the Government last night both claimed victory in the company's High Court action complaining at tax concessions granted to its UK petrochemicals competitors. Back Page

EQUITIES regained some stability after a volatile week, revived by institutional demand. The FT Ordinary share index closed 11.1 up at 1,002.8, for a



loss of only 1.6 over a five-day period which saw the index hit a record 1,024.5. Page 32; Equities beat gilts in long-term, Page 4

NATIONAL SAVINGS is to sell a new fixed interest savings certificate from February 13. It will pay 8.85 per cent tax-free if held for the full five-year term. Page 3

UNION leaders of local government manual workers in England and Wales warned of the possibility of industrial action after the breakdown of pay talks. Page 4

SINCLAIR postponed a decision to open a third production line for its C5 electric vehicle at Merthyr Tydfil, South Wales, blaming a threatened 24-hour pay strike. Page 3

FRANCE launched a FFr 2bn (£185.2m) plan to install 120,000 microcomputers in state schools by the end of this year. Most orders are expected to go to the nationalised Bull group. Page 2

ITALIAN government, employers and unions were considering ho wto stop a Communist-inspired referendum aimed at restoring earnings lost when wage indexation was temporarly blocked last year. Page 2

SKANDIA, Scandinavian insurance group, announced earnings down from SKr 696m (£68.93m) in 1983 to only SKr 10m last year after heavy losses in the non-life business, particularly in the U.S. International operations registered losses of SKr 310m, down from profits of SKr 407m. Page 27

BANCO FILIPINO, the Philippines' largest savings bank, was declared insolvent and its small depositor accounts transferred to the state-owned Philippine National Bank. Page 27

Report helps BBC case over licence fee

By Raymond Snoddy

THE "value for money" inquiry ordered by the Government into the finances and management of the BBC will support the Corporation's claim for a large increase in the licence fee.

Last month the BBC asked Mr Leon Brittan, Home Secretary, to approve a colour licence fee of £65 a year for three years from April—an increase of 41 per cent on the present £46.

Fourteen consultants from Peat Marwick and Mitchell, the accountancy firm, looked at the BBC in detail for four months and failed to find any major area where significant savings would be made easily.

Peat Marwick endorsed the BBC's figures on inflation in the broadcasting industry which, the Corporation claims, accounts for 70 per cent of the increase the BBC is seeking.

A BBC paper on broadcasting inflation which went to the Home Office with the licence fee submission was drawn up in conjunction with Peat Marwick consultants.

The BBC argues that inflation in broadcasting is running well ahead of the general rate of inflation because of competition for programmes, artists and staff with ITV, the rising expectations of the public and the cost of new technology.

The inquiry report, more than an inch thick, was considered by a committee of the BBC *Board of Governors* on Wednesday. The final draft is likely to be accepted and forwarded to Mr Brittan after a full meeting of the governors on Thursday.

The Government has always made it clear that it intended to use the "value for money" *report in conjunction with the* BBC case in arriving at a final licence fee figure.

Peat Marwick, which refused to comment yesterday on the report, is believed to have been critical of a number of aspects of the BBC performance. In particular, the report says, there is a *lack* of clarity over BBC objectives and the way major decisions are taken.

Staff — a total of 29,000 — accounts for three quarters of the BBC costs. The BBC argues that even if productivity were

Continued on Back Page

Botha softens line on black political rights

BY JIM JONES IN JOHANNESBURG

MR P W BOTHA, the South African President, yesterday held out the prospect of extended political rights to some of the country's 23m blacks in a controversial speech to the opening session of South Africa's new tricameral parliament.

Although he gave no indication of any fundamental changes in apartheid policies, Mr Botha's speech drew immediate condemnation from right wing leaders of the white Conservative Party.

Black approval was no more forthcoming. Bishop Desmond Tutu of Johannesburg said firmly during a visit to The Hague: "We will not be satisfied with the crumbs of concessions the white man throws at us. The country is ours."

Addressing a joint session of the three parliaments representing the white Indian and Coloured (mixed race) communities, Mr Botha acknowledged the existence of "certain problems that lead to frustration in black communities."

The remedy he offered was the creation of new political structures for blacks living outside the tribal homelands "through which they can themselves decide on their own affairs up to the highest level."

The Cabinet having concluded that "communication and mutual trust between the population groups concerned must be improved," Mr Botha said he had decided on the creation of "an informal, non-statutory forum."

"There will be open discussion on a wide range of constitutional and related matters to improve communication between the Government and black communities and to create a more favourable basis for negotiations aimed at arriving at mutually acceptable development steps in the constitutional field," he said.

He appealed to "responsible black leaders" to take the hand being extended to them and to work to create "effective structures for decision-making and co-operation."

While promising further tough action against those promoting "violence and lawlessness" in the black townships, Mr Botha said the Government intended to resolve the problem created by the controversial removal of non-whites from "white" areas. Steps might also be taken to soften the harsh influx control laws which restrict the movements of the nation's 23m blacks.

Mr Botha's initiative is an admission of the Government's belated realisation that urban blacks, who form the more vocally-political section of the black population, are not satisfied simply with the greater say they now have in local government. This has been underlined by simmering unrest in black urban areas and the rejection by an apparent majority of blacks of the established black local government structures.

Nevertheless, Mr Botha did not commit himself to Parliamentary representation for blacks akin to that accorded to coloureds and Indians last year.

He said: "It remains the Government's point of departure that, because of the diversity of South African society, it is neither desirable nor practicable to accommodate all communities in the same way."

Reacting to Mr Botha's speech, Andries Treurnicht, leader of the right wing Conservative Party said the Government had "finally scrapped separate development" and added: "The CP will fight this fatal course on every terrain."

Dr Frederick Van Zyl Slabbert, leader of the centrist opposition Progressive Federal Party said that, although Mr Botha's pronouncements on black citizenship, home ownership, influx control and constitutional developments appeared tentative and cautious "they indicate a departure from traditional National Party dogma and could constitute a beginning of a new and meaningful political debate about the future between blacks and white South Africans."

On economic policy Mr Botha committed his Government to a policy of strict fiscal discipline as a means of cutting the country's rising inflation rate and correcting its current economic problems.

This includes a freeze on civil service wages, but does not involve simple across-the-board government spending cuts. Government spending priorities will be determined with regard to the country's development needs, its socio-political circumstances and the threats to its security.

UK trade figures deteriorate

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S TRADING performance deteriorated sharply in 1984, with a 40 per cent increase in the deficit on non-oil goods, to £11.4bn.

Official figures yesterday showed that the current account surplus on the balance of payments fell from £2.9bn in 1983 to only £200m last year. A substantial part of this fall was attributable to the miners' strike, which pushed up imports of coal and oil.

The figure for the past three months of 1984 show evidence of improvement in the non-oil trading performance, with substantial rise in exports to a volume 18 per cent higher than average for 1983.

For the year as a whole exports rose by 9½ per cent in volume terms compared with 1983.

Imports of non-oil goods were up by 12 per cent in volume on 1983. Their level in the three months to December was nearly 17 per cent above average for 1983.

Despite increased burning of oil in power stations to replace coal as a fuel the oil surplus *rose to £7.3bn, compared with* £6.9bn the previous year. This was offset by a large deterioration in the oil trade account, where the £11.4bn deficit compared with £8bn in 1983 and £2.5bn in 1982.

The deterioration of the non-oil trade balance may be one reason why the Government was until recently prepared to allow sterling to fall on the foreign exchanges without an official attempt to halt the slide.

Though a cheaper pound should help exports so long as it does not lead to widespread price increases, it will in the shorter term tend to worsen the trade balance position because imports become more expensive.

Yesterday's figures showed that in 1984 total visible trade was in deficit by £4.1bn, with exports at £70.4bn and imports at £74.5bn. This was broadly offset by the estimated surplus *of £4.3bn on invisible trade.*

The figures show a steep rise in imports of basic materials in the last three months of 1984, which may support other figures suggesting that manufacturing industry continues to increase its output.

Exports of manufactured goods rose by 14 per cent in the final quarter compared with the third and were up by 10 per cent in volume for 1984 as a whole.

The figures show a 23 per cent rise in exports from the UK to North America, reflecting the competitive advantage British industry has gained from the high value of the dollar against the pound.

Philip Stephens writes: Sterling came under renewed pressure yesterday on foreign exchange markets, falling to recodr lows against both the dollar and the D-mark.

Foreign exchange dealers said that speculative selling from New York led to a sharp

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BALANCE OF PAYMENTS
£bn, seasonally adjusted

		CURRENT BALANCE	VISIBLE (oil)	BALANCE (non-oil)	INVISIBLE BALANCE
1982		4.89	4.57	−2.50	2.82
1983		2.29	4.88	−7.98	3.40
1984		0.20	7.27	−11.40	4.33
1984	Q1	0.46	2.32	−2.45	0.58
	Q2	−0.32	1.59	−2.82	0.92
	Q3	−0.46	1.74	−3.31	1.11
	Q4	0.52	1.62	−2.83	1.73

NB: Recent figures for invisibles are estimates subject to revision.

Sangers to abandon full SE listing

BY GORDON CRAMB

SANGERS, the photographic and manufacturing holding company, plans to abandon its full Stock Exchange listing and accept voluntary demotion to the second-tier Unlisted Securities Market.

The move is believed to be unprecedented for a company not engaged in a complete overhaul of its business. Mr John Brigs, Sangers' chairman, said yesterday that it was being made to allow the company to buy a large privately-owned cosmetics group in the U.S.

Mr Briggs announced the purchase of Pavion Cosmetics of New York for $24m (2£1.6m), but added that Pavion did not have a lengthy enough record of audited accounts to satisfy the Stock Exchange authorities. Because of the size of the deal in relation to Sangers, it would have to move down to the USM, he said.

There it will join Sangers Photographics, its 76 per cent owned subsidiary which was floated off a year ago, and Stanelco, a plastics and metals company in which it holds 60 per cent.

To finance the purchase, Sangers is proposing a capital boosting package which will call on shareholders for £18.4m The measures include a nine-for-eight rights issue priced at 33½p a share.

Sangers' shares were suspended last September at its own request when it gave the first indication of a "major U.S. acquistion." The shares then stood at 45p.

One effect of yesterday's deal is to reduce the holding of Mr Tom Whyte, the Bermuda-based financier, from 48 per cent of Sanger's equity to about 30 per cent.

Mr Stan Acker, who founded Pavion from his home about four years ago, is to buy some of Mr Whyte's shares and will join the Sangers board.

Pavion, which recorded pre-tax profits in its last financial year of $3.55m on sales of $18.67m, is geared towards the budget end of the cosmetics market. Its lipsticks and nail varnishes, sold under the Wet 'n Wild brand, are mainly priced at less than $1 each.

Mr Briggs yesterday described the deal as one which, despite the loss of Sangers' full listing, the company believed was for the maximum benefit of the 3,000 Sangers shareholders.

"We will seek a full listing later on, when we have the proven track record from Pavion which we need," he added.

Mr Whyte also expressed his contentment. "The most important thing is the quality of business — the listing is secondary," he said.

Details, Page 26; Lex, Back Page

MARKETS

DOLLAR
New York lunchtime
DM 3.1665
FFr 9.6825
SwFr 2.663
Y253.95
London:
DM 3.166 (3.156)
FFr 9.685 (9.6625)
SwFr 2.661 (2.655)
Y253.9 (253.7)
Dollar Index 146.1 (same)
Tokyo close Y253.75

U.S. LUNCHTIME RATES
Fed Funds 8 5/16%
3-month Treasury Bills: 7.62%
Long Bond: 104 3/32
yield: 11.23

GOLD
New York: Comex January latest $299.3
London: $300 ($298¼)

STERLING
New York lunchtime $1.1095
London: $1.1105 (1.1175)
DM 3.52 (3.53)
FFr 10.755 (10.8025)
SwFr 2.9575 (2.97)
Y282 (283.75)
Sterling Index 70.6 (70.7)

LONDON MONEY
3-month Interbank: closing rate 12 5/16% (12¾)
3-month eligible bills: buying rate 11 13/32% (11 11/16)

STOCK INDICES
FT Ord 1002.8 (+11.1)
FT-A All Share 620.2 (+1%)
FT-SE 100 1288 (+13.3)
FT-A long gilt yield index: High coupon 10.85 (10.88)
New York lunchtime: DJ Ind Av 1270.43 (same)
Tokyo: Nikkai Dow 11785.10 (−71.26)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 60p; Malta 30c.

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OVERSEAS NEWS

Italy may hold referendum on wage indexation

BY JAMES BUXTON IN ROME

THE ITALIAN Government, employers and unions were yesterday urgently considering how to stave off a Communist-inspired referendum aimed at restoring some of the wages lost when wage indexation was temporarily blocked last year.

The constitutional court ruled late on Thursday that a referendum on the issue, for which the Communist Party collected 1.5m signatures, would be valid and should be held between mid-April and mid-June.

The court's decision, though not unexpected, has aroused grave fears that the anti-inflation policy of Sig Bettino Craxi's Government could be knocked seriously off course.

The employers, who believe the outcome of the referendum could cost them L7,500bn (£3.4bn) could respond by refusing to pay wage increases in line with indexation altogether, a decision which would provoke serious tension in labour relations.

Last February Sig Craxi's Government cut by four the number of points on the Scala Mobile (sliding scale) indexation system for which wage earners could be compensated with pay rises. The decision was ratified by Parliament after a long battle and helped to get inflation down from an annual rate of 12.3 per cent at the beginning of the year to 8.8 per cent in December.

However, the Communist Party decided to take the issue to a referendum, despite the fact that wages still grew in real terms last year. The decision, taken by the party leader, Sig Alessandro Natta, dismayed even the CGIL union whose majority is affiliated tothe party.

The constitutional court ruled that a referendum abrogating last year's temporary legislation would be legal. But it said that if the electorate voted for abrogation, wage earners would not recover the pay rises lost since last February. Instead the index would be updated after the referendum to take account of te four lost points, which would mean adding an extra L27,200 (£12.50) to wage earners' monthly pay.

Confindustria, the private employers' association, calculates that this would add an extra 1.8 per cent to a rise in labour costs this year which it already estimates at 10.5 per cent. The Government is still aiming to get the cost of living index down to an average of 7 per cent this year.

The Government cannot ignore th e court's decision. It can either stage the referendum, in which it is widely assumed that Italians would vote for the extra wages, or it can produce legislation that the court would consider to have an effect roughly equivalent to that of a "yes" vote in the referendum.

Michelin Italia to lay off 1,000 workers this year

BY ALAN FRIEDMAN IN MILAN

MICHELIN ITALIA, the Turin-based loss-making subsidiary of France's leading tyres group, is to lay off 1,000 workers this year. The move, the final stage of a three-year rationalisation and restructuring programme, is designed to reduce operating costs.

Michelin Italia said last night that the company had last year managed in more than halve the L27bn (£12.6m) loss recorded in 1983. The 1984 loss, of around L10bn, was made on Italian sales of L1,000bn.

Michelin Italia, which claims about one-third of the Italian tyre market, has been hit in recent years by ression, a slump in the European automotive market, high overhead costs and over-capacity in the market, which is led by the Milan-based Pirelli Group.

The company said it employs 12,000 workers in Italy, with around 1,000 having been shed since the restructuring programme began in 1983. These workers, like the 1,000 to be made redundant this year, will receive state benefits under Italy's cassa integrazione scheme, which pays workers who are redundant a large proportion of their former salaries.

Michlin's job cutbacks worldwide now total more than 16,500 since 1981.

Swedish opposition draws up alternative budget

BY DAVID BROWN IN STOCKHOLM

SWEDEN's Conservative Party has laid down the battle lines for the forthcoming general election campaign with a five-point alternative economic programme which calls for a major transfer of resources to the private sector to spur economic growth.

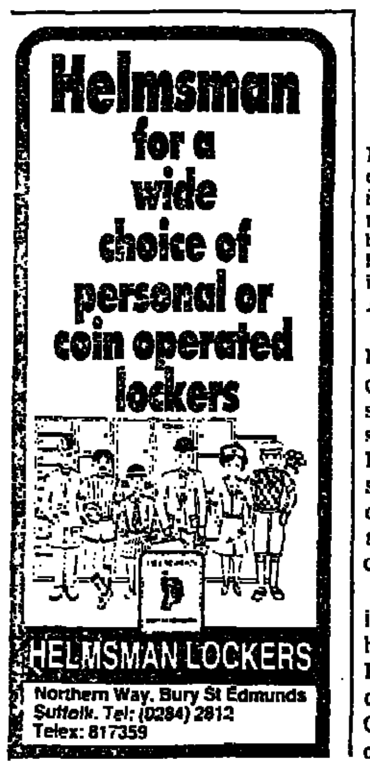
The alternative budget, tabled in the Riksdag (parliament) yesterday, seeks reductions of SKr 21bn (£2.07bn) in government outlays and SKr 10.5bn in taxes. It also envisages broad-scale cutbacks in the public sector and social benefits.

Earlier this month, the ruling Social Democrats announced a tight 1985-86 budget with expenditures of SKr 320.2bn, with a central government deficit of SKr 63.5bn. Interest payments on the national debt make up SKr 71.2bn (or 7.2 per cent of GNP).

Although the minority government's budget is expected to pass the Riksdag this spring with the help of Communist Party votes, the Administration faces a major threat at the polls in September from the non-socialist opposition led by the Conservatives.

Social Democratic popularity has dropped in recent public opinion surveys and the opposition has taken the lead.

Despite their growing strength, however, the opposition parties disagree on many issues, not least tax and energy policy. This led to the failure of Sweden's single six year interlude of non-socialist rule which ended in 1982.



Petrol price war erupts

Petrol stations all over the country yesterday began illegally dropping prices by as much as 7 per cent, striking back at cut-price retailers which have been capturing an increasingly larger share of the market, AP reports from Paris.

"What we are doing is illegal, but it's self-defence because others have been doing it for several months without any sanctions," said M Michel Pecqueur, the president of the state-controlled Elf Aquitaine oil company. He appealed to the Government to remove price controls on petroleum products.

Rumours that the Government is preparing to free prices have not been denied, and the Petroleum Industry Bulletin quoted officials at the Ministry Commerce as saying the freeing of prices "is practially done."

SAVINGS OFFERS

Turkish Cypriots to hold elections

By Andreas Hadjipapas in Nicosia

MR RAUF DENKTASH, the Turkish Cypriot leader, yesterday announced "general and presidential elections" in his breakaway state in the north following the breakdown of talks on the future of the divided island.

Legislative elections will be held on June 23, while presidential and local elections will be held over a month from June 15.

Mr Denktash said "completing our constitution and holding elections would not close the door to a federal solution" but would strengthen the Turkish-Cypriot position at future talks.

Denktash . . . completing constitution

His statement appeared to indicate he was also planning a referendum on the new constitution of his self-proclaimed "Turkish Republic of Northern Cyprus."

This would allow him to stand for a re-election and consolidate his "state" which has been recognised only by Turkey since it was proclaimed in November 1983.

The present constituent assembly has 40 members elected in 1981 under an earlier constitution and 30 nominated by Mr Denktash. The draft constitution calls for an assembly of 70 elected members.

Moves to approve the independence constitution and hold elections were shelved under international pressure.

Mr Denktash has refused to commit himself to a date for resumption of talks with President Kyprianou. When Sr Perez de Cuellar, the UN Secretary-General suggested the end of February, Mr Denktash made it clear he would first be holding elections within his community.

Greek Cypriots believe the move is an attempt to exert pressure on them even though the UN Secretary-General, during his recent visit to London, appealed to the two sides "not to take any decisions which would undermine the atmosphere of the next meeting, whether this was in February, March or April."

Greek complains of harassment

By David Barchard in Ankara

THE ANKARA correspondent of Greece's semi-official news agency, Ana, has accused the Turkish authorities of harassing her, writes David Barchard in Ankara.

Miss Katerina Mistakidou, 36, said in a letter to Mr Mesut Yilmaz, the Turkish government spokesman, that she has been repeatedly followed in the streets and harassed in a variety of ways since early November. She accused the Government of warning Turks friendly to her to avoid her company.

French plan for school computers

BY PAUL BETTS IN PARIS

THE French Government launched an ambitious FFr 2bn (£185.2m) plan yesterday to install 120,000 microcomputers in French state schools by the end of this year.

M Laurent Fabius, the Socialist Prime Minister who has personally pushed forward the school computer project, said the programme would help transform France into one of the leading high technology countries.

The programme will also create a major captive market for the nationalised French microprocessing industry at a time when it is struggling to compete against U.S. and UK microprocessor manufacturers.

The bulk of the school computer orders are expected to go to the nationalised Bull computer group, which has just launched an IBM-compatible personal business computer called Micral 30, and to the nationalised Thomson electronics group which manufactures a family of personal computers.

Special legislation extending the state of emergency in France's Pacific territory of New Caledonia until June 30 was cleared last night by the French Constitutional Court. The French right-wing RPR party had sought to challenge the legislation, approved by the National Assembly on Thursday, by taking the issue before the Constitutional Court.

The Socialist Government rushed legislation through parliament this week after the original decree establishing a state of emergency in the colony had lapsed.

It is generally acknowledged that the two French groups have entered the fiercely competitive small computer market late in the day. Both have also been actively seeking support from the state for their microcomputer activities.

M Fabius confirmed yesterday that French manufacturers would be given priority in the new programme. However, barely six months ago, the French Government had also envisaged a deal with the U.S. Apple group which would have invested in a Brittany plant to produce Macintosh micro-computers.

But the nationalised French groups lobbied fiercely against the Apple project. Although the Government has not altogether ruled out foreign suppliers for its school programme, M Gilbert Trigano, the chairman of the Club Mediterranee holiday group and M Fabius' special adviser on the programe, made it clear yesterday there was little chance for foreign companies.

M Trigano suggested that if Apple were to build a plant in France, it would never be ready in time for the start-up of the programme in the September school terms.

The programme is politically important for M Fabius one of whose main priorities has been to introduce modern technologies in the French school system coupled with the related problems of trying to resolve France's mounting youth unemployment problem.

M Fabius said 33,000 schools would be equipped this year with basic equipment including a personal computer each, a colour television and software systems. Computer workshops would also be set up in universities, colleges and some schools.

It is not the first time a French Government has sought to introduce greater high technology applications in the French school system. However, M Fabius' project is certainly one of the most ambitious and costly projects of its kind. The Prime Minister said the funding for the programme would come out of the state budget.

War criminal's return sparks row in Austria

BY PATRICK BLUM IN VIENNA

THE RETURN to Austria of a convicted war criminal and former S.S. officer, Herr Walter Reder, has caused a major row within the Austrian coalition Government.

Dr Fred Sinowatz, the Socialist Chancellor, publicly censured his Defence Minister, Dr Friedhelm Frischenschlaeger, of the small Freedom Party, for having received Herr Reder on his arrival from Italy where he had been imprisoned, and for having accompanied Herr Reder on his onward journey to Vienna. Dr Sinowatz said the minister had made a grave political mistake. He asked Dr Frischenschlaeger to explain his conduct.

Last night, Dr Frischenschlaeger responded by saying that he acknowledged the Chancellor's remarks and was preparing a reply. e said he was not thinking of resigning, but would make no comment until his formal reply was prepared.

The row once more puts the uncomfortable coalition government on the spot. It is especially embarrassing to Dr Sinowatz who knew nothing of the arrangements made for Reder's return. They were discussed in secret by Dr Frischenschlaeger and the Foreign Minister, Herr Leopold Gratz, a Socialist.

Dr Frischenschlaeger unexpectedly and to widespread consternation greeted Herr Reder on his arrival on board an Italian military aircraft at Graz, in southern Austria on Thursday. He then accompanied Herr Reder in an Austrian military aircraft to Langeharn airfield some 25 km west of Vienna from where they both flew by helicopter to the Martinek military barracks at Baden where Herr Reder will initially be staying.

Italy handed over Herr Reder to th Austrians after several appeals for clemancy from the Austrian Government. He was serving a life sentence for his part in the massacre of 1,830 people at a village in northern Italy in 1944, but released before the end of his sentence which was due to expire in July.

Dr Frischenschlaeger's action has been condemned by politicians of all shades and Jewish groups here. No one can quite understand his motives. It is suggested that either Dr Frischenschlaeger has been naive or that he may be seeking to carry favour with the nationalist wing in his own party.

In his defence, Dr Frischenschlaeger said that he had been acting in his personal capacity and had thought it best to go and meet Herr Reder himself.

Iran accused over Managua aid

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration has broadened its accusations against Nicaragua by suggesting that Iran is giving the Sandinista Government active support in its bid to forment revolution in Central America.

U.S. officials claim that the current visit to Managua by Mr Mir Hussein Mousavi, the Iranian Prime Minister, is part of a broader Iranian plan to introduce Middle Eastern terrorist techniques into the region. One Washington official was quoted yesterday as describing Mr Mousavi as the "kingpin in the Iranian terrorist operation."

Some U.S. officials said that Mr Mousavi was expected to discuss a possible oil deal between Nicaragua and Iran that would reduce the need for Nicaragua to buy oil from Mexico and the Soviet Union, as well as possible arms supplies.

On Thursday President Ronald Reagan publicly warned of "a danger" in Central America, stemming from Iranian support for the Sandinistas together with help from Libya and the Palestine Liberation Organisation (PLO). Mr Reagan has referred to Libya and the PLO in this context before, but it was the first time he had mentioned Washington's arch-enemy Iran.

State Department officials had earlier played down the significance of Mr Mousavi's visit to Nicaragua, saying that they saw it as an attempt to show Third World solidarity. They did not expect it to have any particular significance for the U.S.

Other officials, however, suggested that Iran was trying to extend anti-U.S. terrorist activities, such as the 1983 suicide truck bombings in Beirut, into the western hemisphere.

AP reports: Mr Musavi promised that his country will always be by the side of Nicaragua," and wished the Sandinista Government success in its fight against U.S.-backed rebels, Iran's official news agency reported.

Robert Graham writes: Iran has been aiding Nicaragua for at least a year by giving it crude which has been sold by the Sandinistas on the spot market for hard currency. Iran, along with Algeria, has also stepped in to buy Nicaraguan sugar following the U.S. slashing its quotas.

Nakasone gives backing to tax reform

By Jurek Martin in Tokyo

MR YASUHIRO NAKASONE, the Japanese Prime Minister, yesterday added his weight, albeit cautiously, tothe cause of a fundamental reform of the national tax system.

In a policy address marking the opening of the parliamentary session, he spoke almost exclusively in generalities but did say that "I believe we need to begin the study the issue of sweping reform of the tax system."

A similar guarded endorsement was also forthcoming from Mr Noburo Takeshita, the Finance Minister, in his policy speech, in which he also pledged continuation of a more liberal financial regime in Japan.

In practice, tax reform, specifically the introduction of new consumption levies, perhaps along the lines of value added tax, is unlikely to take place before 1987. This is because political experience in Japan dictates that any form of new tax or tax increase does not bring popularity at the polls.

Meanwhile excitement was being generated offstage by rumours of a rift between Mr Nakasone and the pillar of his support, the former prime minister, Mr Kakuei Tanaka, over the appointment this week of a new Speaker of the Lower House.

Mr Tanaka is said to have thought he had agreed with Mr Nakasone on a candidate, but that the Prime Minister had changed his mind without consulting him. The lese majeste was compounded the Prime Minister's plan to have Mr Susumu Nikaido, a close confidante of Mr Tanaka and a potential rival of Mr Nakasone, neutralised by naming him Speaker.

Soviet retail system assailed

BY PATRICK COCKBURN IN MOSCOW

IN VILLAGES around the Arctic Sea in the far north of the Soviet Union local shops look like warehouses because they are filled with low quality goods that nobody wants to buy.

The reason is that factories, eager to fulfill their plan and get second-rate goods off their hands, send the goods by ship during the summer when there is a break in the ice along the northern coastline. When winter comes there is no way to send them back.

Last year thousands of unordered women's coats and hats were shipped north to the Arctic settlements according to the Communist Party daily Pravda. They never sold to anybody and when the ice melted officials in Moscow refused to supply containers in which to send them back.

The inadequacy of the retail system in the Soviet Union remains a daily topic of private conversation and press comment. One economic professor estimates that 30bn hours are wasted annually by queueing.

His study says that shop assistants, when they see a long queue forming right beside them, do nothing unless it is in their department.

"Apparatus of the 1930s predominates in the sales halls," the study complains. "In an enormous number of shops it is as if time has come to a halt."

The obvious solution to the shortage of shops—and the long time it takes to get served—is to set up self-service supermarkets, but this is not feasible because most goods such as sugar or flour are not prepackaged. They have to be put in a package at the shop itself.

● The Soviet Union has postponed a visit to Moscow by former West German Chancellor Willy Brandt amid reports that Soviet President Konstantin U. Chernenko is ailing, the Social Democratic Party said yesterday, AP reports.

The visit, planned for February 14-16, "was postponed indefinitely at the request of the Soviets," party spokesman Wolfgang Clement said.

Herr Brandt, 71, has been the chairman of the Social Democrats for more than two decades and is thought to have high standing with the Kremlin leadership.

Beirut halts foreign exchange dealings

By Richard Johns in Beirut

BEIRUT BANKS suspended all foreign exchange dealings yesterday morning as the Lebanese pound plunged to an all-time low of $12.25 in early trading, almost half the level of five months ago.

The panic was clearly stimulated by the warning on Thursday by Mr Camille Chamoun, Minister of Finance, that "we may face a catastrophe" unless immediate action was taken to halt the remorseless slide in the currency's value and revive the economy.

The commercial banks took the initiative yesterday without any prompting from the central bank which has proved unwilling and unable to intervene under its newly appointed governor, Dr Edmond Naim, and his three inexperienced deputies who took office only on Monday.

Before the appointments the central bank had ceased to sell dollars in support of the Lebanese pound because of the drain on foreign exchange reserves. These are believed to have dropped as low 250m-300m as the inflow of dollars, particularly in the form of remittances, has dried up and Government calls upon them have increased. They are now said to be only sufficient to finance state imports of essential commodities until the summer.

The central bank's gold holdings, meanwhile, worth over $3bn (£2.7bn), are generally regarded as sacrosanct as cover for the currency.

Yesterday afternoon a crisis meeting of the country's Economic Council was being held at the presidential palace at Baabda. Chaired by Mr Victor Kassis, Minister of the Economy, it includes representatives of private sector business assocatons.

Bankers believe that the Government might decide to limit foreign currency purchases to the settlement of invoices relating to commercial deals and ban strictly financial dealings. However, they doubt whether any such measure could be enforced and are sceptical as to whether anything can be done to stop the slide, apart fro mthe restoration of something like full state sovereignty and security throughout the country.

Lack of confidence in the country's future, the Government's near insolvency and anxiety over the deterioration of the economy has led the majority of depositors to shift into dollars. "The trouble is that everyone wants to buy dollars and no one, including the banks, wants to sell them," said one leading banker.

Midland warns Brazil on debt rescheduling

By Andrew Whitley in Rio de Janeiro and Peter Montagnon in London

THE MIDLAND BANK has warned Brazil that it will find it "very difficult" to participate in a proposed $45.3bn (£40.6bn) new debt rescheduling unless steps are taken to clear debt service arrears piled up by the Sunamam merchant marine authority.

The warning in a telex sent by Midland to the Brazilian Government earlier this month has been backed up by pressure from the Citibank-led committee of leading creditor banks which wants the arrears cleared up to smooth the passage of the rescheduling through the markets.

The dispute over the late payments has been simmering since last summer but only came out into the open yesterday when the leading Jornal do Brasil daily published details of Midland's complaint alongside a telex from the advisory committee expressing its "profound concern."

Sunamam, with foreign debts of about $150m, was taken over by the Federal Government in August 1983 when it became clear that it could not meet its financial obligations.

The public revelation of the dispute between Sunamam and commercial bank creditors has come at a very embarrassing time because the advisory committee is due next Tuesday to resume negotiations with Sr Alfonso Celso Pastore, the Central Bank governor, on a multi-year rescheduling arrangement covering debts worth some $45.3bn.

Senior bankers were at pains to stress yesterday that the Sunamam problems should not of themselves upset the new round of negotiations which are to concentrate on the interest margin to be paid for Brazil for its new rescheduling.

But unless the arrears are cleared up resistance to the rescheduling might build up when it is submitted for all creditor banks to approve, a stage which is still weeks if not months away.

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Alan Friedman, recently in Palermo, on growing alarm over the power of the mafiosi

Sicily struggles to stem the Mafia tide

IT WAS a moment of silent drama. In a packed lecture hall at the University of Palermo, a crowd of more than 200 politicians, priests, judges, professors, students and widows of slain officials listened as the local leader of the Comunist Party concluded a 30-minute call for unity against the Mafia.

"And now," declared Sig Figurelli, his voice rising steadily, "we of the Communist Party would like to publicly give our best wishes to the Christian Democrats of Sicily. May you work well in the public interest."

As Sig Figurelli sat down the packed hall suddenly went still. The faces of the people in the audience were full of surprise and then determination. One man at the rear of the hall began applauding and soon everyone joined in.

"Can you see how emotional this is for us?" whispered Dr Leoluca Orlando, the Vice-Commissioner of Palermo. "All of these people from all of these political backgrounds are together. This is the other Sicily. We cannot tolerate the bloody violence any more."

The political and social unity of the meeting was truly unusual. On a cold January evening, this group of honest and frustrated citizens was banded together for nearly three hours. The occasion was a memorial designed to commemorate Sig Pier Santi Matterella, the Christian Democrat president of the region of Sicily, who was murdered by the Mafia five years ago.

The killing of Sig Matterella, like the assassination in 1982 of General Carlo Alberto Dalla Chiesa, the special high commissioner against the Mafia, was regarded by Palermo's anti-Mafia establishment as an attack upon the state. Speaker after speaker—and these included priests, Socialists, Christian Democrats and Communists — repeated that the Italian state was under siege in Sicily. Some said the state had already been defeated by the Mafia.

Despite all the recent publicity surrounding the revelations of arrested godfather Sig Tommaso Buscett, whose breaking of the Mafia code of silence led to the arrest of 366 mafiosi, there is no sense of victory in Palermo. "To be honest I must say that the Mafia in Sicily is now stronger than the state,!' saysC stronger than the state," says Sig Lillo Mannino, the former Agriculture Minister recently elected regional secretary of the Christian Democrat Party, the leading political force on the island.

Sig Mannino's job, for which he was handpicked by the National Christian Democrat headquarters in Rome, is to unify the Christian Democrats, to try and reduce Mafia infiltration of the party's ranks and most urgently to select a Christian Democrat regional president. The last regional president resigned at Christmas and Palermo has been without a mayor for two months.

General Dalla Chiesa: his murder has paralysed Sicilian politics

Politics in Sicily, which revolves largely around power struggles inside the ruling Christian Democrat Party, has been in a continuous state of paralysis since the 1982 killing of General Dalla Chiesa. In this vacuum the Mafia has flourished and the lecture hall meeting reflected the feelings this has aroused. The people present displayed a depth of emotion one could more easily associate with anti-Nazi resistance fighters than with Italian citizens living in 1985.

The past five years in Sicily have been a testing time of bloodshed and conflict. The Mafia, made powerful by billions of dollars of heroin-related income, is more ruthless than ever. "The people are living in a period analogous to the 1940s, when we had to go underground to resist fascists and Nazis," says Dr Orlando, one of the few politicians to speak openly about the Mafia.

Dr Orlando and others reckon that Palermo has become an ungovernable city. Five mayors have come into office and resigned during the last year. "No mayor can govern for fear of offending Mafiosi," explains Dr Orlando. If the city has a building contract to offer then the mayor or officials are threatened by Mafiosi, he says. "The Mafia exerts rigid control."

Publicly, Italian officials claim they are making progress in the battle against the Mafia. But the reality is that in much of Sicily, and particularly in the stronghold of Palermo, the Mafia is, the effective ruling authority.

Consider this example of life in Palermo: as the lecture hall meeting was taking place a leading anti-Mafia magistrate, Dr Giovanni Falcone, was being driven across Palermo (from office to home) in his normal, everyday motorcade of four screaming Alfa Romeo police cars with 11 armed bodyguards to protect him. A fellow magistrate, Sig Rocco Chinnici, was gunned down in 1983.

"I sometimes ask myself," said a politician after the meeting, "if it is possible to be a Sicilian and at the same time civilised."

Gesturing to the Communists, Don Giacomo Ribaudo, a local parish priest, said: "My presence here tonight, with a political party which is hardly a supporter of the church, is an expression that we must work together for justice."

And so the unusual public meeting came to an end, the audience filing out in near silence. It seemed like a frightening scene out of a ollywood film, but sadly for the people of Palermo, this was real life.

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Tax leeway on company exchange rate profits

By Clive Wolman

COMPANIES have been granted more flexibility by the Inland Revenue to offset their exchange rate gains and losses so as to reduce their corporation tax burden.

A provisional statement of practice was issued yesterday by the Inland Revenue to clarify its tax position following a House of Lords judicial decision in December 1983.

The Law Lords ruled then that Marine Midland bank did not have to pay corporation tax on the notional exchange rate profits on its dollar loans. This was possible because it had aimed to match its dollar assets and liabilities approximately so that its foreign exchange risk would be hedged.

The Law Lords, however, did not specify the tax consequences of other types of exchange rate gains or losses, in particular those where currency risks are not completely hedged. This lack of clarity has created uncertainty for companies with overseas assets or liabilities when drawing up their accounts.

The Inland Revenue statement of practice may now be used by companies to settle their tax liabilities if they wish, Mr John Moore, Financial Secretary to the Treasury, said in answer to a parliamentary question. However, the statement is only provisional, he said, and may be altered in the light of further comment. The practice may also be challenged in the courts.

The statement accepts that fully-matched foreign exchange positions will not give rise either to a taxable profit or a loss offsettable against tax. The Inland Revenue will also not normally engage in detailed analysis of the exchange differences in a company's accounts.

But it may continue to demand tax if gains appear as a result of the translation of foreign currency assets or liabilities into sterling at the balance-sheet date. Such translations are in accordance with accountancy practice, the Inland Revenue says.

The Inland Revenue does accept that exchange rate losses on capital items can be at least partially offset against corporation tax if the company has an unmatched position.

The special status of banks and other financial institutions, which declare profits on some assets only when they are sold, is also accepted. Such companies will normally be allowed to continue to revalue their assets to reflect currency fluctuations for tax purposes.

Thousands face holiday changes

BY ARTHUR SANDLES

THOUSANDS of holidaymakers are likely to be hit by package tour "consolidations" — the travel trade euphemism for changes in the arrangements for their holidays—because of a big fall in bookings.

However, the main tour operators claim that the effect of the consolidations on their customers' plans will not be severe.

Parts of the itinerary which could be changed include flight departure time, a departure day, UK airport, hotel (usually because of overbooking, more likely this year in Greece than Spain), resort ("unlikely," the majors say), a country, or a combination of any or all of these.

Thomson Holidays, the market leader, says "things are getting better daily," but trade estimates of the fall in numbers of people holidaymaking abroad this summer range from 10 to 15 per cent—about 1m customers. *Bookings are running at 30 to 35 per cent below last year's level, but the trade is hoping for a rush of last minute customers.*

The picture is confused by a swing in the number of people making early bookings for Greece and Yugoslavia instead of Spain.

All the main companies said yesterday that they would make final decisions over cuts in their programmes in the next two weeks. Under the industry's code of conduct, significant changes are not allowed once the final invoice has been despatched — normally eight weeks before a holiday starts.

Thomson said: "Every major tour operator is looking at consolidations. We will be considering cut-backs over the next few weeks."

Intasun forecast a shortage of holidays by the spring and said it would look at consolidations with caution.

"We have 1,000 seats every Monday alone out of Gatwick to Majorca. That is quite enough for us to be flexible up or down. If there are any changes the customer will not notice."

The implication of this is that large aircraft would be replaced by smaller ones. The bigger ones might be moved to the Greek routes, where many operators have been overwhelmed by demand.

Boeing 737s, which form the backbone of the UK holiday fleet, are needed in the U.S. and British charter airlines can lease them for the summer months or a whole year.

This leaves open the possibility that if the tour companies are worried into over-pessimistic cuts in their programmes and there is a substantial surge in last-minute bookings, a holiday drought could emerge in July, August and September.

Issuing houses attack EEC rules

By Our Financial Staff

THE ISSUING houses have criticised the new procedures for stock issuance required by EEC standardisation.

In his annual report, Mr Robin Broadley, chairman of the Issuing Houses Association, describes the rules contained in the Yellow Book as "a major defeat for the Stock Exchange and its supporters."

He complains: "We are now compelled to operate an over-legalistic and tedious new system without any commensurate benefit for the users of the market."

He hopes the Government will heed the views of practitioners in its consideration of a new regulatory system for the City.

"Given the universal recognition of the need to guard against *abuses of conflicts of interest* it is in no one's interest to promulgate detailed codes of conduct until practical problems have been addressed and solved."

The association advises members that they can consult the Government broker, who runs the queue, when they have an acquisition which should be financed by a rights issue rather than a vendor placing.

Private sector film body plans to invest £3m a year

BY RAYMOND SNODDY

THE PRIVATE sector replacement for the National Film Finance Corporation plans to partly fund between eight and 10 low-budget British films a year on an annual budget of about £3m.

The new organisation, which will take over from the NFFC when the Films Bill now before parliament becomes law, will be known as the British Screen Finance Consortium.

The four partners in the venture — Thorn EMI, Rank, Channel 4 and the British Videogram Association—spoke yesterday for the first time about their plans and the safeguards designed to ensure the body respects the tradition of the NFFC.

The partners would together put up £1.1m a year, and receive £1.5m a year for five years from the *Government plus £500,000 a* year from the portfolio of NFFC films.

The NFFC, formed in 1949, was involved with 1,500 films including the Third Man, the African Queen, Gregory's Girl and Another Counutry. In recent years, however, it has only had about £1.5m a year to invest.

Mr Justin Dukes, managing director of Channel 4, said the aim was to provide between a quarter and a third of finance for films costing about £1m. The partners would undertake to reinvest profits for the first three years.

Mr Dukes said the intention was to have an independent chief executive with freedom to decide which films to invest in. The partnership, which is open to others, would merely set the financial parameters within *which the executive worked.*

National Savings to issue 8.85% certificate

BY GEORGE GRAHAM

NATIONAL SAVINGS is to sell a new fixed interest savings *certificate from February 13* which will pay 8.85 per cent interest tax free if held for its *full five-year term.*

The current 29th issue certificate, which pays 8 per cent, will continue to be sold until the new issue comes on sale.

National Savings will also raise the interest rate paid on earlier certificates that have matured to try to prevent investors from cashing in the £2.1 19th issue, which starts to mature from February 4. This *extension rate will rise from* 8.28 per cent to 9 per cent tax free.

The rate paid on the Yearly Plan, under which investors must save a regular sum each month, will rise immediately from 9.06 per cent to 9.28 per cent. The scheme, introduced in July last year now has more than 100,000 savers averaging £70 a month.

Interest on Income and Deposit Bonds will rise from 12 per cent to 12.75 per cent gross *from March 13 while the rate on* Post Office Investment Accounts will rise from 11.25 per cent to 12.25 per cent from February 8.

The new certificate and the increased extension rate bring National Savings rates broadly into line with the higher rates announced by building societies.

Most large societies are now paying 8.75 per cent net of basic rate tax on accounts requiring seven days notice of withdrawals and 9 per cent on 28 day notice accounts.

The 30th issue is expected to draw in a considerable amount of money especially from higher rate taxpayers. Investors are allowed to buy only £5,000 of each issue of National Savings certificates so a new issue offers them the chance to increase their overall stake.

National Savings has already achieved £2.4bn of its £3bn target contribution to government funding this financial year.

Commodore to shed 100 jobs

COMMODORE, the home computer company, is to make 100 redundancies among the 700 workers at its plant at Corby, Northants, because of a fall-off in sales.

The Commodore 64 is one of the best-selling home computers in the UK, but sales in the sector have been declining recently. This week Commodore's two main rivals—Acorn and Sinclair—announced major price cuts.

Sinclair car expansion postponed

SINCLAIR VEHICLES has postponed a decision to open a second production line for its C5 electric vehicle at Hoover's plant at Merthyr Tydfil, south Wales.

The company blamed a threatened 24-hour strike over pay by workers at the assembly plant. This has resulted in cancellation of a planned visit next week by the Prince and Princess of Wales.

The Hoover workers, who have banned overtime since before Christmas, are protesting at the company's refusal to bring its latest pay offer into line with a 7 per cent award at Hoover's Cambuslang plant in Scotland. The 1,700 Merthyr blue-collar workers have been offered 4 per cent.

The threatened 24-hour strike was deliberately fixed to coincide with the Royal visit to see Sir Clive Sinclair's latest brainchild.

The workers have been warned that Hoover will not automatically get the contracts to build other planned Sinclair electric vehicles.

However, the company rejected suggestions that it might seek production facilities elsewhere as a matter of urgency.

Installation of a second line would involve several months' work, and capacity already installed is understood to be enough to meet first-year demand.

Sinclair has also imposed a new blackout on the number of vehicles sold since the machine's launch two weeks ago. This followed disclosure that less than 200 were sold during a three-day "ride and drive" exhibition at Alexandra Palace, London, and that just over 1,000 mail orders had been received a week after the launch.

Policy studies chief

MR DONALD DERX, former deputy secretary at the Department of Employment, has been appointed director of the Policy Studies Institute, the independent think tank which publishes research on a wide range of topics of general interest. Mr Derx, aged 56, is succeeding Mr John Pinder who retires on March 1 after 20 years at the head of the institute.

Cities win cash to study waste heat schemes

By Maurice Samuelson

THE Government is to finance feasibility studies on the use of waste heat from power stations to provide cheap central heating from inner city areas.

Mr Peter Walker, Energy Secretary, announced yesterday that his department was offering £750,000 for the preparation of prospectuses in Belfast, Leicester and Edinburgh, which have formed consortia with private industry to develop schemes for combined heat and power.

If the schemes in these cities go ahead, a large capital investment will be needed to pay for new power stations and the infrastructure to pipe waste heat to inner city commercial and industrial buildings and homes.

Proponents of combined heat and power say it would cut the nation's energy bill because it would harness the two-thirds of the heat lost by conventional electricity power stations.

Company pension schemes face upheaval, says report

BY CLIVE WOLMAN

COMPANY PENSION schemes face a period of administrative upheaval and sharply increased liabilities as a result of pending legislative changes, a survey published yesterday suggests.

The urvey, which covers 414 schemes, was jointly sponsored by the British Institute of Management and Professional Publishing.

It shows that only 28 per cent of the schemes make any increase in the frozen pensions of employees—arising from their earlier contributions—who leave the company of their own free will before retirement.

The Social Security Bill being considered by parliament requires all pension schemes to revalue the frozen pensions for so-called early leavers each year, in line with inflation, although only to an annual maximum of 5 per cent.

The survey shows that only 18 per cent of small or medium-sized schemes revalue such pensions in any way, although 43 per cent of the large schemes do so. Only half the schemes that do revalue pensions do so by reference to an index or fixed annual rate.

Overall, only 2 per cent of the schemes revalue pensions by a method similar to that required by the Bill.

At present, the only protection for early leavers is the requirement that their guaranteed minimum pension will, after leaving, be revalued annually, usually in line with earnings. A minimum pension is guaranteed to employees outsde the state pension scheme.

However, the survey shows that half the schemes cut the costs of such revaluation by reducing any further payments to an early leaver beyond his right to a guaranteed minimum pension.

Under the Health and Social Security Act, 1984, this practice is prohibited for employees leaving a scheme after Jauary 1 of this year, thus increasing the liabilities of many schemes.

Early leavers sometimes have the right to use the value of their frozen pensions to buy a deferred pension annuity with an insurance company. The Social Security Bill would guarantee such a right to all early leavers, although at present, the survey shows, it is not granted by 43 per cent of schemes.

Airline licence refusal challenged

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR RANDOLP FIELDS, the founder of what eventually became Virgin Atlantic Airways, is to take the Civil Aviation Authority to the High Court on Tuesday in an attempt to reverse the rejection of his bid to found a new airline, Highland Express.

Mr Fields had sought rights for a licence to make low-fare flights between Prestwick in Scotland and New York, Toronto, Maastricht in Holland, Birmingham and Stansted, and between Stansted and Maastricht.

Yesterday the CAA rejected his application on the grounds that it was financially inadequate, especially in that Mr Fields was seeking the licence before he had established sufficient financial backing.

Mr Fields, late yesterday disputed the ruling. He said if the same philosophy had been applied to other airlines many of them would never have been granted the licences they now held.

He said "We are making an application to the High Court on Tuesday seeking leave to apply to the Divisional Court to challenge the CAA's ruling and its interpretation of the Civil Aviation Act. We believe the CAA is wrong in law and we intend to establish that fact.

"If we succeed in our application the CAA will be obliged to re-hear our application immediately on the financial aspects of the matter alone. Any other way would cause too much delay. We have made arrangements for aircraft procurement and financial backing which can be settled within days."

The authority had said earlier in a written decision that while Mr Fields' proposals were "imaginative and innovative" it was not satified the financial and other resources of Highland Express were "adequate for discharging its actual and potential obligations" for the services it planned.

The CAA acknowledged that Mr Fields' plas were "cleverly conceived as a recipe for the effective use of Prestwick" and, if workable, offered a chance of reviving Prestwick's fortunes.

If the authority had been able to satisfy itself on the financial arrangements and if plans had been made to bring Highland Express's Lockheed TriStar aircraft on to the UK civil aircraft register, "it would have been prepared to grant the applications."

The CAA stressed, however, that it needed to be satisfied that Highland Express could produce "evidence that appropriate financial arrangements are in place, or that funds are ready to be made available subject to the execution of the necessary practical steps, once a decision to grant a licence is made known."

It saw no reason for departing from its normal practice of "requiring that firm evidence of progress towards satisfactory financial arrangements needs to be upheld."

Mr Fields said yesterday "We are disappointed but we certainly are not down yet. We hope to have a licence in a week or two."

Discussions had been held with financial advisers on putting together a financial package of £7m-£8m to launch the airline but some potential investors had wanted to see a licence decision before putting up any money.

Mr Fields originally founded British Atlantic Airways, which became Virgin Atlantic when he sold a controlling interest to Mr Richard Branson's Virgin Group of record and other companies. Mr Branson is chairman of Virgin Atlantic but Mr Fields remains on the board with a 25 per cent share stake.

The Highland Express plan was to offer single fares as low as £115 on the Prestwick-New York-Toronto route and revitalise the ailing Prestwick as a major "hub" airport.

Owen claim over TV 'imbalance' rejected

By Raymond Hughes, Law Courts Correspondent

DR DAVID OWEN, leader of the Social Democratic Party, yesterday failed to get High Court backing for his complaint about "gross imbalance" in the amount of television coverage received by the Alliance parties, compared with, in particular, that given to the Labour Party.

The court ruled that the Broadcasting Complaints Commission had been wrong to decide it had no jurisdiction to hear Dr Owen's complaint.

However the two judges decided the commission had been justified in concluding that, even if it did have jurisdiction, it would be inappropriate for it to deal with the complaint.

Lord Justice May said what lay behind Dr Owen's complaint was a concern to change what he contended was the editorial policy of the BBC and Independent Broadcasting Authority.

That, said the judge, was not a matter for the commission—a view with which Mr Justice Taylor agreed.

After the judgment Dr Owen claimed a "substantial victory." If there were a particular complaint the commission would have to consider it. However, he acknowledged the ruling meant the Alliance had no redress from the commission on the complaint of general unfairness.

The Alliance would consider an appeal and would also consider taking on the BBC and IBA over editorial policy.

Lord Justice May said television exposure and publicity formed a very important and necessary part of any politician's life.

Dr Owen and Mr David Steel, the Liberal leader, felt that the Alliance had not received adequate coverage compared with Labour. They felt the amount of publicity should reflect the parties' relative election votes.

In seven by-elections since the 1983 general election the Alliance vote had increased from 25.4 per cent to 26 per cent—compared with 32 per cent for the Conservatives and 29 per cent for Labour.

An analysis of the BBC's Nine O'clock News and ITV's News at Ten for ten weeks between February and April last year showed the Conservatives received 70 per cent of the time, Labour 25 per cent and the Alliance 5 per cent.

The commission had decided Dr Owen's complaint fell outside its terms of reference to rule on complaints of unjust and unfair treatment in programmes actually broadcast.

Rejecting that view, the judges said the complaint related to the way, as a matter of deliberate choice, material in a programme actually broadcast had been selected.

Nonetheless the judges did not wholly accept Dr Owen's criticisms of the commission deciding it would be inappropriate to deal with the complaint.

Strike threat as council workers reject pay offer

BY DAVID BRINDLE, LABOUR STAFF

UNION LEADERS last night warned of the possibility of industrial action after the breakdown of pay talks for 900,000 local government manual workers in England and Wales.

The breakdown came after the unions rejected a "final" pay offer of £3.70 a week for all grades, worth about 4.75 per cent on the wage bill, and after the employers refused to concede a change in the settlement date.

Mr John Edmonds, secretary of the union side of the negotiating body, said: "We are now moving into some sort of conflict."

The TUC has been preparing a major push on public sector pay and has been attempting to co-ordinate claims and campaigns in a number of areas. However, the predominant view has been that the crunch would come next winter, not this.

The unexpected hiatus in negotiations for the manual workers — a development believed by the unions to be due to "political interference" — and the probability of disruptive action by teachers, whose pay talks resume on Monday, raises the prospect of earlier confrontation on a broad front.

Yesterday's negotiations for the manual workers opened with an offer of 4.5 per cent on the table. The employers made a slight improvement on pay but refused to agree to a change in the settlement date of November 4, despite indications at previous talks that they would be willing to discuss this.

The unions have put emphasis on a change in the date because they want to get away from the front of the pay queue where, they say, they are unable to make any progress on the problem of low pay.

After the improved offer was rejected, Mr Peter Heneage, the employers' chairman, said: "The sort of money which would have reached a settlement would have led to the destruction of large parts of the service and to large-scale redundancies."

The union officials declared the negotiations at an end and said they would be reporting back in the next three weeks to their executives when industrial action would "undoubtedly" be discussed.

The unions believe the Government has stepped in to prevent a change in the settlement date because it would leave pay talks in the Civil Service and the National Health Service at the head of the round.

The employers earlier offered 5 per cent and a change in a settlement date to local authority building craftsmen and labourers.

Basic pay rates for the manual workers range from £70.30 to £85.25 for 39 hours.

Equities beat gilts for long-term investors

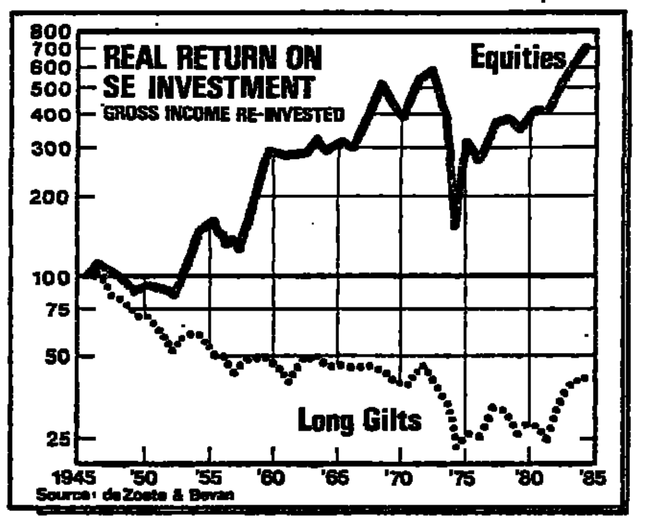
BY CLIVE WOLMAN

TOTAL returns on UK equities since 1945 have been 17 times greater than those on long-dated government securities over the same period after inflation adjustment, according to a study by de Zoete and Bevan, the stockbrokers.

Over the 50 years to December 31 the real (inflation-adjusted) return on long gilt-edged government securities has been −2 per cent a year for the non-taxpayer, the study shows. For the basic rate taxpayer the return has been −4.3 per cent.

Comparisons of the long-term returns on gilts and equities are of particular interest to pension fund trustees and investment managers when deciding how to allocate their funds between different types of assets. The de Zoete & Bevan study has analysed a longed run of historical data than any other comparison: its calculations of returns go back to 1919.

Gilts were a highly profitable investment from 1921 to 1933, when the price level was actually falling steadily. Since then, the study concludes, gilts "have given appalling returns."



In only five of the last 50 years have gilts achieved a higher positive real return than equities. The most recent year was 1982.

The average real return on equities over the past 50 years has been 4.6 per cent a year for the non-taxpayer or 2.7 per cent a year for the basic rate taxpayer. Over the past 10 years, since the end of the 1972-74 bear market, the average real return has been 17.6 per cent and 15.6 per cent a year respectively.

The study shows that over any 10-year period since 1918 which does not span the 1972-74 bear market, investors would have made positive real returns from equities.

The figures also show that UK share prices fell on average by 33 per cent in real terms in 1929-30 after the Wall Street crash but by more than 75 per cent in real terms in 1972-74.

The equity returns were calculated using a specially constructed index of shares from 1919 to 1962 and from then on using the FT-Actuaries All Share index.

Miners spurn written pledges

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR MICK McGAHEY, the vice-president of the National Union of Mineworkers yesterday rejected the idea that his union should make commitments before entering into negotiations with the National Coal Board.

Although apparently spurning a demand from the Government for written assurances that the issue of uneconomic pits would be discussed by the two sides in the 11-month dispute, Mr McGahey nevertheless said the union was willing to enter the talks without pre-conditions.

He told a rally of about 1,000 people in Glasgow's George Square that neither Mrs Thatcher nor anyone else, "can demand that the union commits itself before entering the negotiating chamber to guarantee her or anyone else their conditions."

There could be secret talks but no secret deals, he said.

Earlier, Mr George Younger, the Secretary of State for Scotland, seemed to tread a softer line on the issue of a written undertaking from the miners before talks could resume.

Speaking after a meeting with a delegation from the TUC, representatives of local government and the churches, Mr Younger said he did not think it would be necessary to have written assurance from the union.

He told reporters that the coal board would have to be convinced that the issue of economic pits would be discussed. Mr Younger said he agreed with the delegation that there should be a negotiated settlement.

Robin Reeves writes: Mr Emlyn Williams, the Welsh miners' leader, accused Mrs Thatcher of deliberately trying to sabotage the planned talks between the NUM and the NCB.

Speaking after a South Wales Coal Board conference in Porthcawl yesterday morning, attended by more than 400 miners' representatives, Mr Williams said the NUM leadership had offered to go into talks without pre-conditions.

"No employer could ask for more. If that is not enough, God knows what is."

The conference backed a recommendation from the NUM area executive that the talks with the NCB go ahead and that South Wales miners "stand fast" until after the negotiations, when the conference will be reconvened immediately.

The Prime Minister's demand for written undertakings from the NUM was described by the Welsh leader as "disgusting for a woman in her position." It would strengthen the resolve of the miners to fight on in South Wales, where only about 800 out of 20,000 miners have given up the strike.

Mr Williams was optimistic that fresh negotiations with the NCB would soon go ahead. "I believe the public will demand that talks take place. We don't want to continue the strike. We want to go back with dignity. I believe an honourable settlement for the miners can be negotiated."

Jewellery trade shows signs of recovery

By James McDonald

THE JEWELLERY trade is showing signs of emerging from its three-year recession. Last year jewellers submitted considerably more goldware, in terms of numbers and weight, for hallmarking to the four British Assay Offices in London, Sheffield, Birmingham and Edinburgh, than in 1983.

The number of gold items sent for hallmarking was 7.6 per cent more than in 1983 at 16m items. In terms of weight, the volume was 15.5 per cent greater at a total of more than 44m grams.

Silver items sent for hallmarking by the trade last year totalled just over 3m—2.2 per cent more than in 1983—and the weight rose by 7.2 per cent to 38,409 kg.

The comparatively small amount of platinum items hallmarked, at 10,707 itesm, was 39.2 per cent less than in 1983.

The amount of foreign gold and silver submitted to the Assay Offices also increased. Gold items, totalling more than 4.5m, were 19 per cent up and the weight increased by 23 per cent. Silver items, amounting to nearly 500,000, were up by 8.9 per cent and, in terms of weight, by 14.3 per cent.

The least expensive gold—9 carat, with only 37.5 per cent gold content and the remainder alloys—continued to account for the biggest proportion of the British jewellery trade's submission for hallmarking. Out of the total of more than 44m grams, 9 carat gold accounted for nearly 39m grams, an increase of 14.6 per cent over the 1983 figure.

The most popular standard for women's jewellery is 9 carat gold, which has long-lasting qualities because of the alloy content. Just over 3m grams of 22 carat gold—45.7 per cent more than in 1983—were submitted. In greater demand for wedding rings, it is more subject to wear.

allmarking of 18 carat gold was 4.6 per cent down in weight at nearly 2m grams.

Porsche sales run dented by strike

BY JOHN GRIFFITHS

LAST YEAR'S strike by West German metal workers ended the seven-year run of record sales reported by Porsche's UK importer.

The fall in sales, from 3,333 in 1983 to 3,114, is also likely to haveeroded Porsche Cars Great Britain's profitability, particularly given the decline of sterling against the D-mark.

However, accounts filed at the beginning of this year by the importer—owned 60 per cent by Porsche and 40 per cent by Mr John Aldington, its managing director, and associates—show that for the 16-month period ended July 1983, importing the £11,500 to £37,000 sports cars made up one of the most lucrative car-related businesses in UK.

The company made a pre-tax profit of £4.66m on a turnover of £49.9m. In relative terms, this compared badly with Porsche GB's two previous years, when it led the profitability league table of car importers with pre-tax profit-to-sales ratios of 17.3 and 20.4 per cent. It contrasts with volume-based importers, most of which made losses on much higher turnovers.

The company fared well enough for one director, almost certainly Mr Aldington, to have received director's emoluments for the 16-month period of £91,499, up from £67,000 in the 12-month period ended March 1982. One of the other six directors, who include Dr Ferdinand Porsche, chairman of Porsche's supervisory board, and Mr Peter Schutz, its management board chairman, was paid between £85,000 and £90,000.

Dr Porsche is shown as having received only £6,667 in emoluments.

A dividend totalling £525,000 was paid, representing 26.25p per share — well down on the 43.75p per share dividend of £875,000 paid out in the previous financial year.

Porsche GB attributed the dividend reduction to "the need to conserve resources" to finance the development of a £9m headquarters and import centre Porsche is building outside Reading, a few miles from its existing HQ.

Newcomer to join media magazine fray

BY DAVID GOODHART, LABOUR STAFF

THE CRAMPED and competitive market in "media" magazines will have accommodate a newcomer next month—Media Week.

The launch on February 6 comes at a busy time in the sector. Broadcast magazine, for example, has just been sold to International Thomson for nearly £2.5m. UK Press Gazette, the rather staid 7,400-circulation magazine "for journalists and all who work with them," also looks set for another shake-up under its new editor Mr Charles Wintour, a former editor of the London Evening Standard.

Media Week, which aims to cut across the demarcations between publications covering advertising, marketing, broadcasting and journalism, is the brainchild of Mr Tim Brooks and Mr Ron McKay, both journalists who have specialised in media coverage.

The profitability of established magazines such as Campaign, the 20,000 circulation advertising journal — with annual profit regularly topping £1m — has assured Media Week the support of trade publisher Patey Doyle.

The plan for Media Week—which will have a "controlled" circulation of 19,000—is to lock on to the £7m-8m splashed out by advertisers each year at the marketing end of the spectrum in magazines such as Marketing, Marketing Weekly and Campaign.

Media Week will be dropping free on to the desks of advertising agencies, PR managers and senior media personnel hoping that their clasified advertisements will come flowing back.

Papers link to offer adverts deals

BY SUE CAMERON

THE PUBLISHERS of five West Midlands daily newspapers have banded together to offer national advertisers a single rate package deal. Their aim is ot win a bigger share of advertising from such groups as airlines, banks, brewers and brand-name manufacturers.

The five papers are the Wolverhampton Express and SCtar plus its sister paper the Shropshire Star, the Coventry Evening Telegraph and the privately-owned Birmingham Post and Evening Mail. They claim to between a daily circulation of 753,000 with a combined readership of 1.7m.

The scheme is to be called Midland Metropress and will enable companies and agencies to advertise in all five papers at once at a preferential raate and with only one contract.

The five hope to attract the same kind of national advertising that at present tends to go to London and the South-East and the national dailes. They say the densely-populated West Midlands area represents a consumer market worth scome £13bn a year, second in size to London.

Other papers have set up similar advertising schemes in the regions. But Midland Metropress claims it is the first to organise one with daily papers only.

Clyde shipyard buy-out scheme in jeopardy

By Andrew Fisher, Shipping Correspondent

SHIPYARD WORKERS at Yarrow Shipbuilders on the Clyde wer told yesterday that backing for a proposed employee buy-out would be withdrawn unless more of them agreed to vote on it.

Barclays Merchant Bank, which drew up the buy-out scheme, said the 5,400 workers at the Yarrow warship yard, part of state-owned British Shipbuilders, would have "a further, last chance" to vote on January 29. If they did not show more support, the buy-out offer would cease.

In the first ballot, only 20 per cent voted, mostly in favour.

The yard is being sold as part of the Government's plan to return the profitable warship activiteis of British Shipbuilders to the private sector.

No firm price has been put on Yarrow, which has an order book approaching £500m, but within the industry it is believed it could fetch £30m or more. Trafalgar House, GEC, and the private Yarrow Company, which owned it before nationalisation, are also interested in buying it.

TGWU opposes challenge to Kinnock's leadership

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MR RON TODD, general secretary-elect of Britain's largest union, the Transport and General Workers', made it clear yesterday that the TGWU would be opposed to any challenge this year against Mr Neil Kinnock for the leadership of the Labour Party.

Some Labour left-wingers are considering whether to contest the party leadership, principally because they are dissatisfied at what they see at Mr Kinnock's less-than-total support for the striking miners.

But the clear disapproval of the idea by Mr Todd and Labour's largest left-led union will be a blow—possibly a final one—to their hopes.

Mr Todd said: "We have declared our total support and confidence in Neil Kinnock as party leader."

Mr Todd said that the unions and the party ought to be talking about the return of a Labour Government. It was "unfortunate" that, whenever that seemed possible, the party seemed to turn in on itself.

Leaders of the union emphasised at a private strategy conference last weekend in Eastbourne that it was essential that there was as little trouble as possible in the Labour Party in the coming months. This is because of the requirement which comes into force at the end of March, under Part 3 of the Trade Union Act of 1984, on all unions to hold ballots of their members on the retention of their political funds — Labour's main source of financial support.

Journalists accept offer

PROVINCIAL journalists have voted by three to one to accept a 5 per cent pay offer in a national ballot result announced yesterday.

The offer from the Newspaper Society will mean increases of between £5.50 and £7.50 a week for 8,000 journalists on basic rates of £107.50 to £149.50 a week.

The society said, however, that it had yet to be told of the union's decision. The increase would be paid from the date that the NUJ notified it of acceptance, and not backdated to the settlement date of January 1.

Union chapels (office branches) had earlier voted to reject the offer, but plans for industrial action from the NUJ's provincial newspaper industrial council were turned down by a delegate conference.

David Brindle on the continuing revolt at GCHQ

Bitter legacy of a ban on unions

THE uncompromising stance adopted by the Prime Minister over the miners dispute has obvious parallels with her attitude 12 months ago to the ban on unions at Government Communications Headquarters, Cheltenham.

Labour movement leaders are still smarting from her refusal to give an inch on the ban and they have lost no opportunity at anniversary rallies held this week to warn that a similar hard line over the miners will leave a similar bitter legacy.

Mr Denis Healey, the shadow Foreign Secretary, told a rally in London on Thursday night: "Mrs Thatcher's tunnel vision is now focused exclusively on destroying our free trade union movement.

"Before she persists in vetoeing negotiations to end the coal strike she should consider for one moment where he vindictive vanity has led her over GCHQ."

Precisely where it has led her is unclear. The clandestine nature of the secrets and intelligence gathering work at the GCHQ base and its out-stations makes it impossible to gage precisely what effect the ban has had.

Nevertheless, it is probable that there is some truth in the union's claims of plunging morale at GCHQ of an exodus of specialist staff, and of embarrassment and operational difficulties resulting from 12 months of continuous and unaccustomed publicity.

The unions say they still have 300 members at GCHQ nearly 10 months after all the 7,000 staff wishing to remain were supposed to have surrendered their membership on pain of dismissal.

The true figure is probably substantially less than 300 and the hard core of activists certainly seems to number little more than 50.

However, it is this hard core which presents the Government with its greatest problem, because it could yet spark off industrial action in the civil service and beyond.

CIVIL SERVANTS at Department of Health and Social Security offices in Liverpool, Bootle and Kirkby walked out at lunchtime yesterday in protest against the ban on unions at Government Communications Headquarters, Cheltenham. Pickets were posted and payments of unemployment benefit halted.

They were acting against the advice of their union, the Civil and Public Services Association. Local Labour MPs addressed a rally in Liverpool city centre. Mr *Terry Fields, left-wing MP for Liverpool Broadgreen,* accused the TUC of failing to do anything either for the staff at GCHQ or for the miners.

The TUC is pledged to act immediately on behalf of any GCHQ trade unionist who is dismissed. The issue is particularly close to the heart of Mr Norman Willis, the general secretary of the TUC, who this week repeated that the union ban, remained "an open wound."

Consequently, the GCHQ management has maintained a low-key approach to the defiant trade unionists, endeavouring to persuade them to take early retirement or transfer to other parts of the civil service.

The management's hope is that the revolt will thus wither away. Its difficulty is that the hard core campaigners have become more radical over the past 12 months and more determined to force a confrontation.

Writing in the latest issue of *Warning Signal*, the GCHQ's newsletter, Mr Don Clarke describes how he has abandoned plans to get another job in favour of remaining a thorn in the side of the GCHQ management.

Mr Clarke, a computer programmer, said: "I suppose that this means that they will now offer me a transfer which I will ignore, then another which I will ignore and then the sack ... I started off in this campaign intending to give what little assistance I could before I left. Now I see it as too important to leave and my determination grows daily."

Doubtless to the great annoyance of the management and the Government, Mr Clarke and his colleagues and sympathisers continue to keep up a stream of publicity about events at GCHQ.

This week it was disclosed that the proopsed government-inspired staff association had been endorsed in a referendum by only 38 per cent of GCHQ staff. The next day it was reported that staff were being asked to comment on issues such as the Government's economic policy during their five yearly positive vetting reviews.

Further publicity will be generated in June when the conference of the International Labour Organisation is due to consider the Government's response to criticism of the GCHQ ban.

Mr John Van de Verken, general secretary of the International Confederation of Free Trade Unions, told the London rally on Thursday that he had every confidence that the ILO would uphold the view of its committee on freedom of association and that the ban violated the ILO convention.

Such criticism may not cut much ice with Mrs Thatcher, but it will guarantee yet more headlines for what was, until January 25th last year, an anonymous government department.

Scheme set up to treat NHS patients in private hospitals

BY CARLA RAPOPORT

NATIONAL Health Service patients are being treated in private hospitals in the north of England as part of a partnership between the public and private health care sectors. It is believed to be one of the first of its kind in Britain.

The scheme, in effect in Newcastle and Stockton, is expected to reduce markedly the waiting lists for hip replacement surgery for elderly patients and ear, nose and thorat surgery for children in those areas. At present, patients wait an average of two to three years for these operations.

The partnership between local health authorities and the private sector was initiated by Nuffield Hospitals, Britain's largest private hospital chain. According to Mrs Shirley MacWhirter, regional manager, Nuffield has given "advantageous prices" to the health authorities in exchange for a contracted number of operations.

A few other hospital companies, including AMI and HCA, have also begun to take NHS patients, but not to the same extent as Nuffield.

Mr Oliver Rowell, general maanger of Nuffield, said yesterday: "The possibility of working partnerships between the NHS and private health care stems from the over-provision of private hospitals in Britain. With over-bedding, working with the NHS is not only a way to survive, it is also a good way to ease the NHS waiting lists."

The number of private hospital beds in the UK has risen by an average of about 17 per cent a year since 1982. At the same time, the number of new subscribers to private health insurance schemes has been growing by only about 3 per cent a year.

The growth of the new partnerships, however, it hampered by the political considerations of some health authorities.

Mrs MacWhirter said that Nuffield is negotiating with two further district health authorities which are keen to start similar schemes but have been held back because of feared repercussions over the use of private hospitals for NHS patients.

In the Newcastle and Stockton schemes, negotiated with the Northumberland and Northallerton Health Authorities, the NHS consultants carrying out operations in the Nuffield hospitals converted their private fees into donations to charity or equipment for their NHS hospitals.

"These are worthwhile operations," said Mrs MacWhirter, "as patients needing hip replacements are in considerable pain."

Emergency operations prevent surgeons in the Newcastle area from carrying out more than two or three operations a week. Under the scheme with the Nuffield, 16 further operations have been carried out since October and 50 more patients will be operated on this year.

The Stockton scheme is specifically for children's ear, nose and throat surgery. These operations, done at the Cleveland Nuffield, treat six children a week. Under the terms of the contract, the child's mother is offered free accommodation following the surgery.

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THE WEEK IN THE MARKETS

Riding out this roller coaster

LONDON

ONLOOKER

THE EQUITY market is in the mood to greet virtually any corporate development as an excuse to push up the share price. Acquisitions, such as P & O's agreed takeover of Sterling Guarantee, are welcomed with unbounded enthusiasm no matter what the fundamentals seem to suggest. And there was plenty of evidence around this week that the euphoric attitude still abounds.

Bunzl's rights issue, for example, prompted a sharp upward movement in the price even though the group has not pinpointed the company it intends to acquire with the money raised. Bunzl may well be a well run company but in more cautionary times a right issue is not normally the catalyst for an upward rerating of the shares. Even more bizarre is the sight of a deeply discounted rights issue from an investment trust, New Tokyo, which is happily welcomed by a rise in the share price.

Yet the general frothiness of the market is betrayed in the knee-jerk way the market as a whole reacts to news or even rumour on the oil price and interest fronts. After a 26.7 point rise in the FT-SE Index on Monday the market fell back by 22 points the following day amid rumours that Opec was about to cut the price of oil, despite officials denials.

It is beginning to look as if the equity market is in the last throes of a major bull run. There are plenty of arguments around to underpin current prices, it is true. The liquidity of the institutions suggests that prices will continue to be fed by fund managers' buying. The weak pound is good news for exporters and so on, although prices seem to be rising fairly indiscriminately. And buying from the U.S. is thought to be supporting prices.

Yet, as one analysts put this week, "The market is no longer walking on thin ice, it is walking on water." Looking at interest rates and the gilt market he could well be right. It would only take another upward movement in interest rates and equities might find that gravity defying feats cannot last. At one point in the week the money market was pointing the way to another base rate increase. Rates have calmed down but there are unlikely to be any cuts this side of the Budget and any rise could promote a small blood bath on the floor of the Exchange.

Dee's move next

The Monopolies Commission has given Dee Corporation the go-ahead to renew its bid for Booker McConnell. For investors the important questions now are "Is Dee still interested?" and second "If so, will Dee bid now or wait till the summer?"

The answer to the first question seems in little doubt. Dee is still attracted to Booker. The second point, one of timing, is less easy to read. Under the rules of the Takeover Code, Dee has three weeks from the report to renew its attack, otherwise it has to allow the full 12 months cooling off period to pass, which means no action until June.

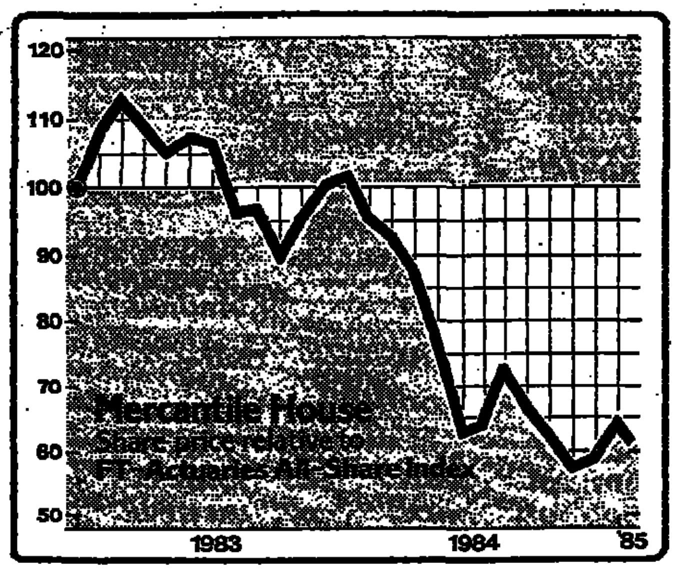
Mr Alec Monk, chairman of Dee, has a range of choices assuming his goal is ownership of Dee. He can do nothing and wait till the summer when timing becomes of his own choosing. He could top up his existing stake from 19.8 per cent to 29.9 per cent now and then wait to the summer or he can launch a full offer in the next couple of weeks.

Dee could, of course, sell out to a third party. It does not take long to draw up a short list of companies that would be interested in launching an offer for Booker and Dee's stake could provide a suitable springboard for a bid. But it does not seem within the nature of Dee to withdraw now.

Edging up Dee's holding in Booker to 29.9 per cent also seems an unlikely tactic. It would flag Dee's intentions too well—there must still be an element of doubt at present. So the decision probably facing Mr Monk is simply to bid now or play a waiting game.

There are some advantages in going for Booker now. The prices of both companies have more or less moved up in tandem and the original terms, implying a price of 280p per share, could be wheeled out again, at least as an opening shot.

And the timing could be right in terms of the market's general mood and Mr Monk's standing in the City. If Dee were to bid it would involve a great deal of new paper on top of the large amount of shares the group has already showered onto the market over the last year.



Booker, on the other hand, has undoubtedly done much to sharpen up its image both in terms of management and group structure, since Dee's initial attack last summer. Yet there is still a lot to do and Dee's advisers might well argue that giving Booker more time to convince investors of its merits is not going to help in a bid.

Also a bid now might scupper any worthwhile profits forecast Booker could make. Analysts generally agree it made profits of around £53m pre-tax in 1984—that figure is already in the price — and any predictions Booker could make now for 1985 are bound to be treated with a certain amount of caution. In the summer Booker would be better placed to make meaningful forecasts.

It is a conundrum that Mr Monk and his team faces. Events over the next couple of weeks are impossible to predict but the weight of argument seems to suggest that Dee has little to gain by waiting unless, that is, the management still has its hands full integrating International into Gateway.

Paper for paper

Thea reasons for Bunzl's one for four rights issue to raise £54.6m are crystal clear. It wants the money to fund a significant acquisition, probably in its expanding paper distribution activities—but maybe not.

Mr James White, who as managing director has masterminded Bunzl's transformation from a supplier of filters to the tobacco industry into a much wider based paper group with highly profitable distribution activities both sides of the Atlantic, is almost a model of a canny Scot. He appeared to drop lots of hints as to where the group might expand next in the broadest of terms but in fact left himself with 360 degrees of room to manoeuvre.

In the last five years Bunzl has spent £57m on acquisitions. This has been financed by cash flow and a string of disposals from its peripheral activities with a modest amount of debt.

After this issue—which is backed by a profits forecast of a 55 per cent advance to £27m pre-tax—Bunzl will be sitting on £20m of cash and basking in a share price which appears to have benefited from the rights issue as a masterstroke having risen by a tenth since the announcement on Monday.

But what will it buy? There is plenty of scope to broaden its coverage in the U.S. and equally there are opportunities to extend its activities in UK paper and packaging. And Mr White has also hinted that some modest diversification would not come amiss — that could keep the managements of Brammer and Metal Closures (where Bunzl has disclosable investment stakes) watching their share price. The guessing game is almost as unfathomable as predicting Dee's next move.

Mercantile House

The immediate reaction to Mercantile House's half time figures this week was one of relief. At the pre-tax level the group was down by £3m to £27.5m but the market had feared that the results might be much worse marking Mercantile's first major setback since going public.

The City has been watching some very poor quarterly results from Oppenheimer, the group's U.S. stockbroking subsidiary, and there was little doubt that its performance would leave a very large gap for the rest of the group to make good.

Anyway that the slip in overall group profits was held to just £3m is no mean achievement. The U.S. money broking activities and fixed interest securities broking operations both probably chipped in higher profits, partially offsetting Oppenheimer's performance. In the UK the money broking operations should have made a reasonable profit overall, though the total group performance is clouded by acquisitions of Alexanders, Jessel Toynbee & Gillett and to a lesser extent a stake in stockbrokers Laing & Cruickshank.

Mercantile's money broking activities are undoubtedly volatile — that is the nature of the beast — and the latest interest rate jumps have undoubtedly undermined Alexanders' performance perhaps dropping it into the red. Nevertheless even with a continued dull performance from Oppenheimer, Mercantile should be able to report profits for the full year around the £55m to £57m level, basically an unchanged performance.

That would be good enough to satisfy the market. The share price may look a shade expensive on fundamental grounds, the prospective p/e is around 9 or 10, but bid speculation has been wafting around the market of late. One rumour had Mercantile and Merrill Lynch in talks but that seems an unlikely combination.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984/5 High	1984/5 Low	
F.T. Ord. Index	1002.8	— 1.6	1024.5	755.3	Volatile after breaching 1,000
F.T. Gold Mines Index	439.5	—26.8	711.7	439.5	Bullion dips below $300
Exch. 12pc 2013-17	£114¼	— 1	£124¼	£108⅞	Sterling/interest rate worries
BP	517	+29	540	395	U.S. buying
Cookson	527	+39	527	232	Overseas earnings potential
Falcon Resources	320	+47	324	85	U.S. exploration hopes
First Nat. Fin. Corp	90	+ 8½	90	62	Improved annual results
ICI	828	+42	826	526	U.S. buying
Lonrho	180	+15	181	105	Annual results due Thursday
Lucas Inds.	283	+25	284	158	U.S. bid hopes persist
Metal Box	432	+50	432	287	U.S. and domestic buying
Milford Docks	68	+13	72	28	Consortium bid hopes
Minorco	690	+90	792	480	U.S. buying ahead of Phibro figures
Neill (James)	137	—20	160	42	Suter sells 11.7 per cent stake
Pleasurama	430	+42	430	285	Recent bid for Trident TV
Plessey	190	— 8	248	184	Weak Electrical sector
Racal Elect.	212	—76	288	192	Warning of drab second-half
Ransomes Sims	490	+63	490	260	Results due in March
S.E.E.T.	170	+14	174	85	Good interim figures
United Ceramic	57	+14	57	33	Newsletter recommendation

Slow growth for great oaks

Unlisted Securities Market

THE CITY'S fears about the future of the home computer market finally got to Acorn Computer this week.

The company called a press conference to rebut alarmist reports about its retail market performance in the weeks before Christmas, the season when most home computer sales are made.

What Acorn had to say on Tuesday was just about enough to stop the shares falling further below the all-time low of 45p they hit on Monday.

But the company left investors less than convinced about its prospects—by the end of the week the shares were at 47p, a far cry from last year's peak of 193p. And the City's general concern about Acorn can only increase the caution with which it has come to treat many of its one-time darlings among the computer stocks on the Unlisted Securities Market.

Acorn dispelled the worst fears about its 1984 performance by saying that it had sold 420,000 computers last year—more than double the number for 1983.

But it underlined the market's worries about the future by announcing a price cut of £70 to £129 in its cheaper and newer model, the Electron. The price of the more established BBC Micro was left unchanged at £399, but Acorn announced a £50 trade-in reduction for buyers bringing in an old home computer.

These moves are the latest in a price war which has broken out in the UK home computer industry in response to fears that demand will fall, as it has in the U.S., and that foreign competition will get tougher.

On Monday, one of Acorn's main British rivals, Sinclair Research, also announced price reductions.

Acorn's main advantage in the forthcoming battle is its strong hold on the educational market through the BBC micro. Only one-third of Acorn computers are sold to domestic buyers—the rest is divided equally between schools and colleges, and business and industry.

However, the company suffers from a reputation in the City at least, for poor marketing. This stemmed initially from Acorn's abortive attempt to break into the U.S., which cost £11m over the past two years, and was compounded by the apparent failure of the Electron computer to repeat the success of the more expensive BBC Micro.

Mr James Dodd, of stockbrokers Fielding Newson-Smith, says: "Acorn has marvellous technical skills and a very good range of products, but unfortunately it has come unstuck over marketing."

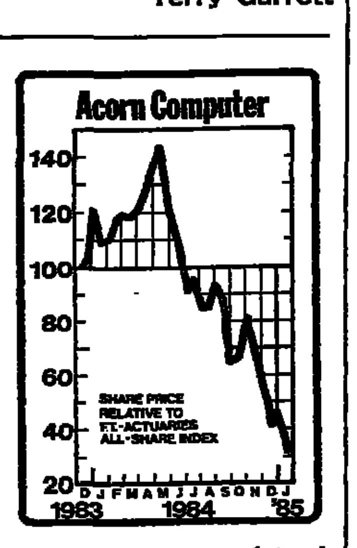
The need for strong marketing is emphasised by the fact that Acorn has plans to attack the equally competitive markets for personal and business computers later this year, and subsequently to bring out a replacement for the BBC Micro.

Clearly 1985 will not be an easy year for Acorn: City analysts who had been predicting pre-tax profits of up to £12m for the financial year to the end of June have brought back forecasts sharply to between £4m and £8m—a wide range which reflects the market's uncertainty.

The market's general disenchantment with USM computer companies has become more marked in the past two months. A Fielding Newson-Smith index of the performance of all these stocks since their flotations had underperformed the FT Actuaries All-Share index by 2 per cent in November. By earlier this month it was 6 per cent.

But these figures conceal glaring differences between software, hardware and distribution companies. By this month software companies had outperformed the all-share by 91 per cent, while hardware companies had underperformed by 55 per cent and distributors by 33 per cent.

One company which has performed particularly badly over the past month is Microvitec, the Bradford maker of colour screens for home computers. Floated last May at 180p, the company traded this week close to its all-time low of 73p, amid fears of the impact of tough competition on results for the year to December which are due in the next few weeks.



The divergence between the market's taste for different types of USM computer should come as no surprise since it only mirrors a divergence, or an expected divergence, of the trading performance of these stocks in increasingly competitive conditions.

There is meanwhile no shortage of companies willing to test investors' appetites for the sector. On Monday dealing begins in Synapse, a company which provides software maintainance and systems support for IBM mainframe computers.

Placed at 174p by Simon and Coates, the shares start life on a multiple of 22.8 based on a 41.5 per cent tax charge and pre-tax profits forecast of £460,000 for the year to next July.

Stefan Wagstyl

All eyes on the Super Bowl indicator

NEW YORK

WILLIAM HALL

WALL STREET has enjoyed a winning streak over the past fortnight the like of which only the more seasoned professionals can remember. Shares rose across the board for most of the week and the bond markets have soared.

The week started with a bang. Although some financial markets were closed on Monday, in commemoration of Martin Luther King's birthday, the Dow Jones industrial average jumped by 34 points and the New York Stock Exchange notched up its eighth busiest day on record with turnover topping 145m shares.

Several of the broader-based stock market indicators, which had been signalling the market's underlying momentum the previous week hit record peaks even though the Dow Jones industrial average was still some way short of its November 1983 peak of 1287.20. The New York Stock Exchange (NYSE) composite index, which is a more accurate measure of daily market activity than the Dow Jones 30 "blue-chip" industrials, since it measures the value of all 1510 common stock issues listed on the exchange, rose 2.08 to a record high of 101.12.

Both the NYSE composite index and the S & P 500 recorded fresh all time highs for the next couple of days of the week against a background of very heavy turnover. Tuesday saw the fourth busiest day on record with 175m shares changing hands, and Thursday ranks among the ten busiest days on record.

Even though the Dow Jones industrial average shed ground on both of the last two days mentioned analysts have been very impressed by the volume and breadth of the market upswing. One key indicator followed by many market technicians is the number of advancing shares versus the number of declining shares on any one day.

Mr Newton Zinder, a stock market strategist at E. F. Hutton, notes that by Thursday of this week the stock market had risen on 14 consecutive sessions based on this indicator, its best performance since January 1971 when it had a 16-day run. He has looked back to the beginning of the 1960s and can find only seven other occasions when the market rose for 12 consecutive days or longer.

The blue chip stocks have been slow to participate in the New Year rally on Wall Street but this week saw many of the old favourites catching up. IBM, the bluest of blue chips has enjoyed a splendid run in recent days. It started the week at a shade over $124 and by Thursday evening was trading at $133 after briefly touching its all-time high of $134¼ on Thursday morning.

AT & T, the most widely held stock on Wall Street which had started 1985 at $19⅛, hit a record high of $21⅞ on Thursday, and other old favourites like General Motors are showing gains of around $60 so far this year. Even 3M, the big U.S. conglomerate whose unexciting performance has meant that it underperformed the Dow last year, has enjoyed one of its best rallies for some time and by mid-week was standing over $5 higher than its end 1984 price of $78⅜.

The buoyancy of Wall Street this week has been helped in no small part by the boom in the U.S. credit markets which is being fuelled by the prospect of lower interest rates and increasing evidence that U.S. inflation is under control. In the first four days of the week, the Government long bond, Treasury 11.75 per cent due in 2104, had risen by over three full points driving its yield down to 11.17 per cent.

Short-term interest rates have continued to ease and Thursday's money supply figures showing a $2.8bn fall in M1 against market expectations of no more than a $1bn fall, added further fuel to the bond market's rally.

Wall Street's highly paid market watchers have been working overtime to explain the stock market's newfound strength. One wall Street myth which was given a fresh airing this week was the argument that when a team from the National Football Conference (NFL) wins the Super Bowl the stock market will rise over the year.

As anybody who was anybody on Wall Street was watching the San Francisco 49ers, A NFL team, convincingly trounce the Miami Dolphins last Sunday, this was taken to be an even more important omen than President Reagan's inauguration. According to Robert Stovall, senior vice-president of Dean Witter, the Super Bowl indicator of Wall Street's future performance "has been right 18 out of 18." We shall have to see.

Certainly, the stream of economic news coming out of Washington has contributed to the improved sentiment in the U.S. financial markets. The sharp upwards revision in the fourth quarter GNP figures from 2.8 per cent to 3.9 per cent growth is further evidence that the economy is in a much healthier state than it seemed in the early winter.

The economy grew by 6.8 per cent in 1984—its best performance since 1951—and the rate of inflation, as measured by the GNP deflator, rose by 3.7 per cent, its smallest increase since 1967. Wednesday's December retail prices figures, showing a 4 per cent rise in prices for the year, underlined the fact that U.S. inflation is running well below most analysts' predictions 12 months ago.

The U.S. economic recovery is now in its third year and the stock market is responding to the improved economic prospects while showing less concern that interest rates and inflation will rise in the short term. The optimistic mood has been bolstered by further official comments this week suggesting that interest rates have more room to fall.

A few months ago, several commentators were suggesting that the U.S. could move into recession in 1985, interest rates would rise and inflation take off. Today the most optimistic forecasts on Wall Street suggest that the U.S. economy could grow by 6.5 per cent in 1985, inflation drop to 2 per cent and interest rates move noticeably lower.

MONDAY	1261.37	34.01
TUESDAY	1259.59	— 1.78
WEDNESDAY	1274.73	15.23
THURSDAY	1270.43	— 4.3
FRIDAY		

FINANCE AND THE FAMILY

Husband leaves widow one penny

BY OUR LEGAL STAFF

My husband, died last April. In the early years of our marriage he underwent an operation and medical opinion gave him a short time to live. In the subsequent years I nursed him at home, despite inferior living conditions.

His will revealed that I had been left one penny (1p) and the remainder to his wealthy nephew (and wife)—as executors—to hold on trust—either to retain or sell—on behalf of their two young children—until they reach the age of 18.

I have engaged a solicitor, who initially thought he could secure an agreement as to a portion, but he could make no headway with the other party's solicitor—who did not and has not responded in any way (can anything be done with this attitude?) My original solicitor left the firm—and the case was taken over by another member of the firm, who, in turn, has been unable to obtain a reply from the other party's solicitor, even though he was warned that we would commence proceedings (as regards the will) within 14 days.

I am just outside Legal Aid. The estate is about £5,500. My solicitor tells me that counsel's opinion would cost £100 and that proceedings would cost well into the region of £1,000. My accommodation is in sheltered housing—widows pension £34.28 which just covers rent and rates. From savings I receive approximately £11-£12 a week.

Am I entitled, therefore, to a fair share of my husband's estate?

We think that your proper course is to make an application under the Inheritance (Provision for Family and Dependants) Act 1975, for a lump sum payment to be made to you. This can probably be done in the County Court at less cost than has been suggested for High Court proceedings. It should not be necessary to obtain counsel's opinion at this stage. It is not clear that you would be wholly ineligible for legal aid; but in any case you should have a very strong case for having your legal costs paid out of your husband's estate. Ask your solicitors to act speedily to present a claim under the 1975 act.

Caring for parents

My mother is in a wheelchair and receives attendance allowance and mobility allowance. In 1983 my father suffered a heart attack and it was obvious they would need to move from their three-bedroomed semi into purpose built accommodation.

I obtained planning permission for a small bungalow in my front garden for them. As the bank would not lend my parents any money as they were both over retirement age I had to take out a bridging loan on which £796 interest was charged.

Is there any way I might claim tax relief on this interest?

On the bare facts outlined, the bungalow apparently belongs to you and the interest is eligible for tax relief (under paragraph 4 (1) (a) of schedule 1 to the Finance Act 1974).

You should ask your tax inspector for a copy of the free explanatory booklet IR11 (Tax treatment of interest paid).

Joint tenancy

What is the legal difference between a "tenancy in common" and "joint tenancy?"

In 1949 my wife and I bought the house in which we live but the conveyance was made out in my name—for convenience. I have since been given to understand that it should have been registered in our joint names—as "tenants in common."

In 1979 we sold a part of the garden for building and the solicitor recorded it as being owned jointly, claiming £10,000 each under the provision of the Development Land Tax Act exemption.

What, if anything, should I do to regularise the position in the eyes of the law, having future dispositions in mind?

The difference between a joint tenancy and a tenancy in common is that in the former case the equitable or beneficial interest, as well as the formal legal title, goes entirely to the survivor(s) on the death of the joint tenant, while in the case of a tenant in common the beneficial interest (half or other aliquot share) goes into the estate of the tenant who dies. It does not necessarily follow that your joint tenancy is not a suitable ararngement: but you can sever it by serving a written notice on your wife stating that henceforth the equitable interests are to be held as tenants in common.

Trust income

My wife is the sole recipient of income from a non-discretionary trust fund. The income comes direct to her from the investments through arrangement made by the trustees to simplify the payment procedure. The trustees, who are solicitors, charge fees for administration and pay accountants fees. Each year my wife has to pay back to the trustees several hundred pounds to cover these fees.

All income is taxed at source. This means that, in the end, my wife is being taxed on income she does not receive i.e., the money to cover the fees. My inspector of taxes has turned down a request for a reassessment and repayment. He says the trust management expenses do not concern him. Is he correct? If so, are there grounds for the trustees to claim a refund for the trust for these expenses? To do so would it be necessary for them to change the payment procedure so that all income is received by them and later passed to my wife, after deduction of expenses?

Unless you are chargeable to higher-rate tax, there is no reason to disturb the current convenient arrangement.

Trust expenses are always met out of income net of basic-rate tax, so your wife is not actually bearing basic-rate tax on more income than she is entitled to.

Re-entry into UK

My sister-in-law has been working in the U.S. for 20 years and is being offered early retirement on pretty good terms—a lump sum of $12,000 and a pension at 55 of $4,000 pa. Being 50 years of age it would be her wish to return to England and settle here again. (She is still a British citizen although she has lived in the U.S. for 25 years all told.) Would any of the amounts quoted above be liable for UK income tax?

She intends to find work in the UK and buy a home.

It looks as though your sister-in-law is (or will be) domiciled in England and Wales. That being so, her pension should be exempt from U.S. tax (when she becomes resident in the UK) by virtue of article 18(1) of the U.S.-UK double taxation convention of December 31 1975. Ninety per cent of the pension will be taxable in the UK, by virtue of section 22(1) of the Finance Act 1973. The UK assessment for the third year, ie the year in which her 57th birthday falls (provided that the first instalment of the pension does not fall due on April 6), will be based upon the preceding year's sterling equivalent or the actual sterling equivalent, whichever your sister-in-law prefers; subsequent years' assessment will each be based upon the preceding year's sterling equivalent. You will find general guidance in two free booklets, IR20 (Residents and nonresidents: liability to tax in the UK) and IR25 (Taxation of foreign earningsh and foreign pensions), which are obtainable from your local tax inspector's office.

Gutter nuisance

A tiled roofed barn of my neighbour's adjoins my property on two walls. One wall, the longer, has gutters but my neighbour arranged, while I was on holiday, for the gutters to discharge on my land; the other wall has no gutters. The water does not improve my garden. I have no convenient drain on my land. Can I insist that he takes his rain water on to his land and, since he does not wish to do so, how can I compel him?

The discharging rain water is a trespass, and, probably a nuisance, at law. You should in writing, formally request the removal of the gutter. If this fails you can seek an injunction in the County Court directing its removal.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MINING

After the South Pacific sabotage . . .

BY IAN HARGREAVES

AS BRITAIN'S coal strike enters its final phase, the mining world's attention this week was fixed upon equally dramatic events in the nickel mines of New Caledonia and the copper mines of the United States.

In the troubled French territory of New Caledonia, saboteurs struck at the Kouaua mine, the island's largest mine, disabling vital equipment. Since New Caledonia accounts for over 8 per cent of world production, the news was good for the nickel price, which a number of analysts continue to argue is poised for a significant rise in response to tight stocks.

In practice, however, sabotage in the South Pacific is not likely to save the nickel industry. Inco, the large Canadian producer, has already indicated that it will make up for any lost New Caledonian production. There is no shortage of spare capacity in the industry to do just that.

Debate over the nickel price continued at a heated level in Perth, however, where minority shareholders in Seltrust Holdings threw out a reorganisation plan for Seltrust sponsored by its majority shareholder, British Petroleum. At the heart of the row over Seltrust's real value is a difference of view over the worth of the West Australian Agnew nickel mine.

Although BP and the Seltrust board are now saying Seltrust will be liquidated, it is evident that a good deal of bargaining is still taking place behind the scenes. BP clearly does not want to hold a distress sale and there is talk that it may yet find a way either of reviving its reorganisation plan through the liquidator or buying out the minority shareholders post-liquidation.

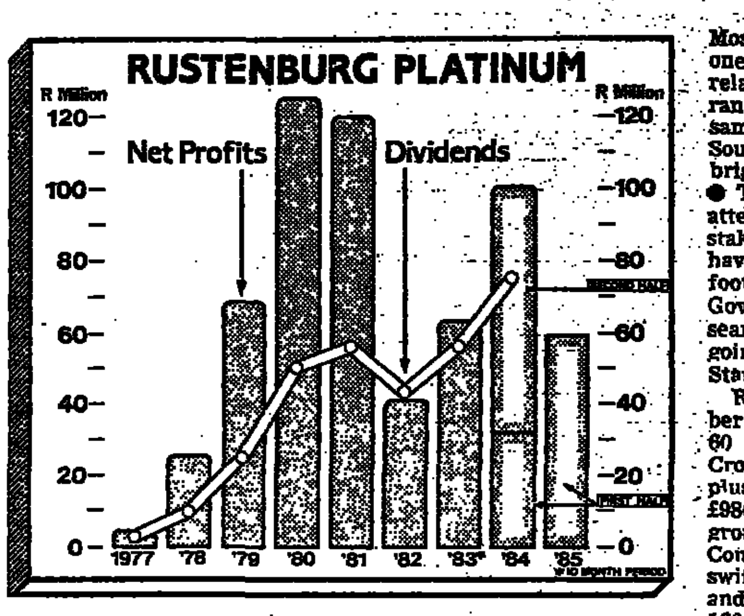
Matters have been complicated by the intervention of the West Australian government, which wants to save Seltrust, especially its nickel and iron ore interests. The problem is that the government will want a stake in precisely those bits of Seltrust (the West Australian bits) BP intended to keep for itself in the reorganisation. But the oil company's bluff about liquidation has been called and it will now have to reach an understanding with the politicians as well as Seltrust's institutional shareholders

In the U.S., the base metal mining unions are in as weak a position as Britain's coal miners to resist radical management demands. Talks between the United Steelworkers' Union and the copper companies this week revolved around whether to accept a $2.50 an hour pay cut or an even steeper $6 an hour reduction. The union eventually agreed to the $2.50 option, only to find that several big producers, including Kennecott, part of Standard Oil of Ohio, were holding out for $6.

The need for a further reduction in world copper capacity was evident in the results of MIM Holdings, the Australian copper producer. The company reported a A$26.5m first-half loss.

Likewise at Phelps Dodge, the hardest pressed of the U.S. copper companies, the news continues to be bleak. Phelps is to take a $195m pre-tax charge against the 1984 fourth quarter. The closure of the company's battered Western Nuclear uranium company accounts for $85m of the problem, but Phelps Dodge seems to have an endless supply of troubles.

Among the few pieces of distinctly good news this week was the first-half report from Rustenburg Platinum in South Africa which, as the chart shows, is enjoying rising profits and has boosted the dividend. It also talks confidently of the outlook, although the fundamentals for platinum are not good. This year is expected to be the sixth in succession of excess supply over demand.



Most of the joy at Rustenburg, one of the big two in platinum, relates to the weakness of the rand against the dollar—the same factor which has kept the South African gold results bright.

● The Rio Tinto-Zinc group's attempt to acquire a sizeable stake in Enterprise Oil may have been foiled by some swift footwork on the part of the UK Government but the group's search for UK income is still going on, writes George Milling-Stanley.

RTZ's purchase last November of Charter Consolidated's 60 per cent stake in Wheal Crofty Holdings for some £8.5m plus a loan repayment of £980,000, greatly increased the group's stake in the West Country. RTZ has moved swiftly to help Crofty's present and future profitability. About 160 men have accepted voluntarily redundancy from the mine, cutting the total workforce by 25 per cent.

In addition a senior executive of Carnon Consolidated, the subsidiary which controls all the Cornish tin interests, yesterday outlined to the remaining workers plans to increase productivity to bring it more into line with RTZ's existing Wheal Jane mine, where output per man shift is double that at Crofty.

Beyond that, the group has secured planning permission for a three-mile-long inclined shaft which will improve access to the mine, hasten the pace of mechanisation underground and avoid costly repairs to a damaged vertical shaft. The swiftness of the proposal's passage through the county planning machinery will have been assisted by RTZ's claim that the work should make for between 50 and 100 permanent new jobs within three years, while the contractors who are responsible for construction will also be using local labour.

Motor Cars

Contracts and Tenders

YOUR SAVINGS AND INVESTMENTS

David Lascelles on home banking

Small screen view of personal finance

IS HOME BANKING the wave of the future; or just a thrill for computer buffs? After Bank of Scotland's move into the market this week—the first by a UK bank—the idea of doing your banking on television in the comfort of your living room, has probably gained a bit more credibility, though other banks still have doubts.

Previously there was only the Nottingham Building Society's pioneering Homelink venture, launched two years ago. No one has been able to judge its success because NBS has played its cards close to its chest. Abroad, several countries have home banking experiments, but none could be described as a huge success.

BoS thinks it is on to a good thing, though. Mr Bruce Pattullo, chief executive, predicted at this week's launching ceremony that "most of us will be doing the majority of our banking this way within 10 years."

The start-up costs, however, are considerable. To use BoS's Home Banking service you need a Prestel terminal, which BoS will sell to you for £95) or a modified home computer, which plugs into BT's new jack sockets, and a link to your TV set. You must also subscribe to Prestel, which costs £20 a year (though you get the whole Prestel service for that), and BoS charges you £2.50 a month (but levies no other bank charges so long as your account is in credit). In addition, you pay for a local call whenever you dial up the service, plus 5p a minute if you use Prestel in business hours.

For that you will be able to see the last 100 entries on your bank statements any time you like, pay regular household bills like utilities and credit cards "on screen," check on standing orders, and swap money around from your current account to a special interest bearing account set up for home-bankers.

Small businesses will also be able to use the service as a kind of electronic cash management system, though there is a limit of £25,000 on transactions.

The service's appeal is its convenience, the fact that you can instruct the bank to make payments up to 30 days in advance (no worry about getting the payment in on time), and the freedom to juggle funds around, and keep non-interest-earning balances to a minimum, which might help recoup some of the cost.

Home banking does not do two of the most basic things in banking: pay cheques or provide cash, so it is not a substitute for your local branch.

Judging by this week's demonstration (which was not flawless), home banking can also be a laborious business of entering long security numbers, picking your way through a maze of "menus" and "frames" till you get the service you want, and even then risking encountering an unco-operative computer.

BoS's service is broadly similar to NBS's, which also works through Prestel. In some ways it is not as good: it is only "up" 17 hours a day, while NBS customers can do their banking at 3.00 am if they wish. NBS also has more security checks which might comfort those who are nervous about computer crooks.

Being a bank, however, BoS can plug more banking services directly into its account than NBS, like cheque books and credit cards (though NBS has a special arrangement with BoS for its customers to have these facilities there).

Home banking is still only at the experimental stage. The technology is bound to get slicker and faster, and other banks are watching with keen interest.

Of the big clearing banks, Midland is running a private pilot scheme which has about 1,000 subscribers. It says most of them appear to be computer enthusiasts, or people connected with electronic technology. The 18-month-old scheme is due to end next September. Then Midland will have to decide where to go next.

Abroad, the U.S. has taken biggest strides. Chemical Bank in New York has 10,000 subscribers, and Bank of America in California has 15,000. Yet in a recent survey of home banking around the world, Banking Technology magazine concluded that "at the beginning of 1985, the future for home banking is far from clear" because of bankers' doubts about the technology and how to share out the costs. The magazine added that banks are in a dilemma because they cannot afford to stand on the sidelines in case home banking takes off and their competitors steal the market.

Building societies bonus

Margaret Hughes checks out rates of return available to investors

THE SPEED with which building societies agreed to increase their interest rates following the rise in bank base rates has provided a bonus for investors. Many societies wanted to delay the decision. If their views had prevailed investors would have had to wait another month for a higher return on their savings.

As it is, only the major societies and less than a dozen of the others have so far announced their new rates. It is therefore a little early for investors to be able to select the best product on offer. Some may also want to put their money into the new National Savings Certificate issue which pays 8.85 per cent free of tax. However, for the majority of savers who prefer to invest in the major societies, the new returns are listed in the accompanying table. Most societies have increased the interest rate on their savings schemes by three-quarters of a percentage point. Some, like the Skipton, have gone for a larger increase. The Skipton has raised the rate on its Sovereign Share Account by 1.05 percentage points on balances of between £500 and £9,999 and by 1.10 percentage points on balances of over £10,000.

As a result, the Skipton offers the best return for those with relatively small amounts to invest but who want instant access, to their accounts without interest penalty. It pays 9.35 per cent net of basic rate tax on balances of up to £10,000 and 9.70 per cent on balances of over £10,000. This compares with a return of 8.75 per cent on balances of up to £500 and 9.0 per cent on balances of over £2,500 from the Leeds Liquid Gold Account.

The Leeds account, however, offers the best return amongst the five major societies.

The other four leading societies pay a net interest of 8.75 per cent on varying minimum balances but require seven days notice of withdrawals. Better return on seven-days notice accounts are available on Peckham Bonus Shares and the three-tiered Bristol and West Triple Bonus Account. Peckham Bonus Shares offer a better return even than larger societies offer on longer withdrawal notice accounts. So too does the Bristol and West on larger balances.

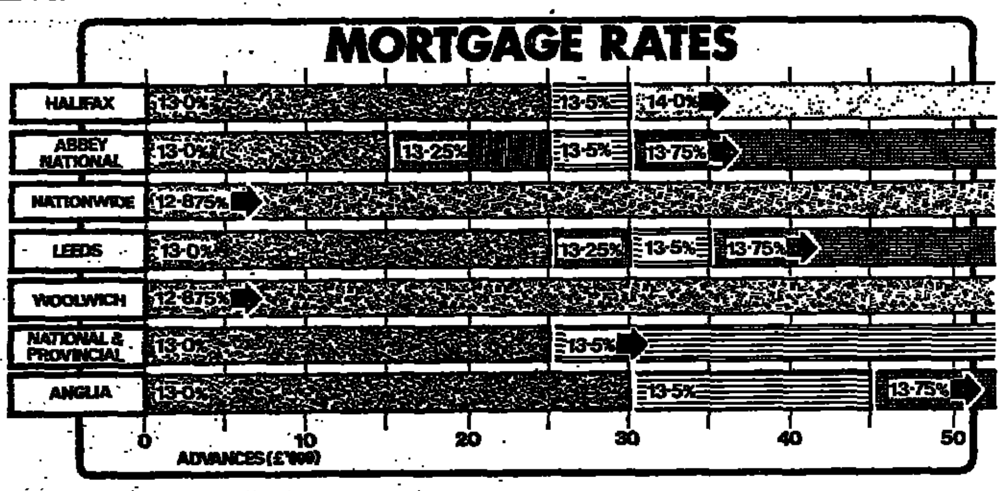
The 9.25 per cent net offered on the Peckham Bonus Shares also matches the best returns currently on offer on 28 days notice accounts. These are available from the Yorkshire Building Society and the Bradford and Bingley for the same minimum investment. The Peckham Bonus shares match even the returns offered by the major societies on 90 days' notice accounts.

The major societies pay 9.0 per cent net on 28 days' notice accounts and 9.25 per cent on 90 days' notice accounts.

When other societies announce their new rates there may be better deals. But for the time being at least Peckham Bonus Shares offer the best deal for who do not want instant access and are happy to invest with smaller societies. Investors prepared to lock their money away for three months will no better with either Chelsea's Lion's Share account, Peckham Super Shares or Birmingham and Bridgewater's 90-day shares.

Society/account	Notice period	Minimum investment £	Rate of interest net of standard rate tax %
Skipton Sovereign Share	nil	500	9.35
		10,000	9.70
Leeds Liquid Gold	nil	500	8.75
		2,500	9.00
Bradford & Bingley Premium Access	nil	1,000	9.00
Chelsea Capital Shares	nil	1,000	9.00
		2,500	9.35
		10,000	9.50
Cheltenham & Gloucester Gold Account	nil	1,000	9.00
Peckham Bonus Shares	7 days	£500	9.25
Bristol & West Triple Bonus	7 days*	1,000	8.95
		5,000	9.20
		20,000	9.45
Birmingham & Bridgewater Extra Interest Shares	5 days	500	8.80
Hendon	7 days	500	8.75
Nationwide§	7 days*	200	8.75
Alliance§	7 days†	250	8.75
Abbey National§	7 days†	250	8.75
Anglia§	7 days†	250	8.75
National & Provincial§	7 days*	250	8.75
Halifax§	7 days*	500	8.75
Woolwich§	7 days*	500	8.75
Bradford & Bingley Extra Interest Account	28 days	500	9.25
Yorkshire Diamond Key Acct.	28 days‡	500	9.25
Chelsea Lion's Share	90 days	1,000	9.75
Peckham Super Shares	90 days	500	9.75
Birmingham & Bridgewater 90-day shares	90 days	500	9.50

* Instant access without interest penalty on balances of over £10,000. † Instant access without penalty on balances of over £2,500. ‡ 60 days' loss of interest if funds drawn without notice period. § 7-day notice accounts.



Shop around for home loans

BUILDING SOCIETY officials are feeling sheepish about rushing into higher mortgage rates, particularly since the clearing banks have responded more slowly.

"There was no need for an immediate rise," commented one manager. "We would have looked more grown-up if we had waited for a bit."

But since the rates have risen, borrowers have to count the cost, and look around to see whether their building society or bank is charging them more than the opposition.

The most common increase in mortgage rates has been 1.125 per cent. This brings the basic rate for the Halifax, Britain's largest building society, to 13.0 per cent. The Halifax applies this rate to loans up to £25,000. Payments on a loan of £20,000, for instance, will rise to £171.20 a month after tax relief.

But it takes the rates of the Nationwide and the Woolwich to only 12.875 per cent. They are the only two large building societies to charge the same interest rate regardless of the size of the mortgage.

There are changes in differentials for different sized borrowers. Abbey National, for example, has adjusted its mortgage terms to make it more attractive at the top end of the market and less so for smaller loans.

Its basic rate of 13.0 per cent applies only to mortgages up to £15,000, with a rate of 13.25 per cent for loans between £15,000 and £25,000. For loans above £30,000, however, it is more competitive than the Halifax, charging 13.75 per cent to the Halifax's 14.0 per cent.

For smaller mortgages the Yorkshire Building Society looks attractive. It has raised its interest rate by only 1 point, so that its basic rate now undercuts the Woolwich and Nationwide at 12.75 per cent.

Yorkshire's average loan is £18,730 compared with the Building Societies Association's average of around £22,000. Its rates, however, move up for loans above £15,000.

Natwest, which has traditionally been the cheapest lender among the banks, this time led the way, raising its rate by 1.125 points to 12.875 per cent. Other banks are looking at their rates and are expected to move them up by the same amount.

One exception is Williams and Glyn's, which was slow to move its rates down at the end of last year. It may also delay moving up again.

But monthly repayments to a bank can turn out to be less than to a building society, even if the rate quoted is the same. This is because building societies charge interest for the whole year on the capital sum outstanding at the start of the year.

Most banks calculate interest on the capital balance as it reduces over the course of the year.

Building societies will soon, however, have to publish the real annual percentage rate (APR) rather than just nominal rate.

Among the smaller banks in the mortgage market, Edinburgh-based Adam and Co has not yet decided how much to raise its rates, but could offer a good buy for some house-buyers.

Its present rate of 11.5 per cent compares favourably with many competitors, especially as the rate for endowment mortgages is no higher. The drawback is that it will lend only up to 65 per cent of the valuation of the house.

United Bank of Kuwait, which was one of the most competitive lenders at 11.25 per cent, is likely to raise its rate to 13.0 per cent. It lends only on mortgages of over £40,000.

George Graham

YOUR SAVINGS AN INVESTMENTS

A guide to making conscience money

REVELATIONS by the British Medical Association earlier this month about the tobacco interests of various charities led to a rapid divestment of the offending investments on the stock market.

A "no tobacco" policy is one of the more common criteria for those looking for "ethical" investments. There are several homes for the ethical investor's money in the U.S. — notably the billion-dollar investment trusts such as Pax and Dreyfus. In the UK too the opportunities for ethical investment are growing.

The difficulty is that we all have different ideas to what is ethical: tobacco, armaments manufacturing and South African interests are among the most common exclusions for the ethically minded investor.

The Ethical Investment Research and Information Service (Eiris), set up in 1983 to identify ethical opportunities for investment — gathers together a vast range of criteria under the ethical umbrella.

Apart from the traditional blacklisted stocks, it checks if companies have had complaints against them upheld by the Advertising Standards Authority, or are involved in gambling, or alcohol or meat production.

Eiris produces factsheets on 524 quoted companies which it has examined. You can purchase the factsheets or select the ethical criteria you are in sympathy with and Eiris will supply a list of companies that satisfy curative homes for the mentally

"A lot of companies will appear as being Quality Assessed by the Ministry of Defence but they are by no means all selling guns, bombs and tanks," says Peter Webster of Eiris. "For example, a company could simply have had a cleaning contract with the Ministry."

One long-established source for ethical investment is The Mercury Provident Society—a licensed deposit taker with a 10-year track record and funds of around £1.2m.

Money deposited with Mercury is loaned out for socially and ecologically responsible projects, which you are encouraged to take an active interest in. You can often select which enterprise you would like to receive the loan.

Depositers with Mercury receive interest twice yearly at rates which vary according to the purpose to which their money is applied, but subject in any event to a maximum of 8per cent per annum. Mercury itself charges borrowers 3 per cent over the rate they are paying the particular depositor.

The Friends Provident Stewardship Unit Trust has more or less kept pace with the bull market ever since it was launched in June 1984. Its policy is to invest in shares of UK companies "which are of long term benefit to the community both in this country and overseas."

So far £1.6m has been invested in the trust and the units were up 24.9 per cent as at December 31.

The Ecology Building Society provides another home for the ethical investor's money. The society lends money, secured on property in the normal way, to encourage energy saving or self-sufficiency projects or ecologically efficient ones.

Investors can earn up to 9 per cent on their money and recent loans include one for a commercial goat farm—a developing enterprise in view of the EEC milk quotas which apply only to cows milk.

USEFUL ADDRESSES

Eiris, 9 Poland St, London W1V 3DG.
Mercury Provident, Forest Row (0342 82) 3922.
Ecology Building Society (0535) 33718.
Friends Provident, Dorking (0306) 885055.
Financial Initiative, 01-836 2998.
Friends Book Centre, Euston Rd, London NW1, stocks "Alternative Investments, Opportunities for Quakers," which lists 15 organisations offering ethical investment.

Lawrence Lever

Joan Gray on a new deal for home improvements

An unlikely white knight

MR PATRICK JENKIN, Secretary for the Environment, may seem an unlikely white knight to be riding to the rescue of elderly home owners who cannot afford to keep their houses in good repair.

But that is just what Mr Jenkin's review of the system of home improvement grants purports to do, emphasising ways of targetting and simplifying grants so that they reach the people and properties most in need. Under the present system, grants go to properties which meet the requirements for aid regardless of the income of their owners.

In the next few weeks, Mr Jenkin will be issuing a Green Paper for consultation containing proposals for legislation.

"I would like to see the home improvements grants focussed increasingly on those who can least afford to pay for repairs and improvements, such as the elderly, disabled and unemployed," he says.

"It was never the Government's intention that expenditure on home improvement should continue at the levels of the last two to three years. It is primarily the responsibility of home owners to keep their dwellings in repair and where necessary to finance improvements by borrowing on their properties."

Mr Jenkin's proposals will not affect the allocation of home improvement grants for the rest of this financial year — until March 31 — and it is uncertain whether legislation will be passed in time for them to affect the pattern of grant allocation next year, 1985-86.

He has, however, already said that he wants councils to take his ideas about targetting grants to the elderly and disadvantaged into account when allocating them now.

His aims seem to be in line with the findings of the Duke of Edinburgh's Inquiry into British Housing published this week. That found that a big proportion ofthe considerable number of houses in poor condition were in the hands of elderly owner-occupiers and "poorer people from all sectors" who could not afford to maintain them.

But the Association of Metropolitan Authorities, which represents 34 London authorities and 42 metropolitan authorities in Merseyside, Greater Manchester, West Midlands, South and West Yorkshire, and Tyne and Wear, disagrees.

According to Mr Ted Cantle, the AMA's under-secretary for housing, Mr Jenkin's proposals will do nothing to help the housing situation—and will probably make it worse.

Mr Jenkin announced in Wednesday's Public Expenditure White Paper cuts in the amount of money available for improvement grants next year. The housing investment programme (HIP), which determines how much local authorities can borrow for housing capital spending, including new building and repairs to council property as well as improvement grants, has been cut from £1,853m for England in 1984-85 to £1,600m for 1985-86.

While it is up to each authority to decide how much of its HIP to alolcate to each of the areas it has to cover, the AMA points out that Mr Jenkin is particularly determined to clamp down on improvement grants—and that this will mean an almost endless wait for most of the 200,000 households already in the queue for grants.

According to the AMA's calculations, the Government is really planning an 80 per cent cut in the money available for improvement grants, as it wants to return to a spending level of between £200m and £400m a year on those grants, compared to the £900m spent in 1983-84 and estimated £800m in 1984-85.

According to Mr Cantle, Mr Jenkin's new emphasis on concentrating grants on the elderly and poor, with the prospect of special loans or saving schemes for better-off home owners, is not just a means test to help reduce spending, but is also bolting the stable door long after the horse has gone.

"All this mention of the elderly and low-income groups is ironic because most discretionary grants go to those people at the moment," he said. "The evidence is that while 'gentrification' does happen, most grants now go to the worst housing and the poorest people."

Under the present system, there are two main sorts of home improvement grant:

● Mandatory, for installing such basic amenities as bathrooms or inside lavatories, for which authorities are obliged to provide a grant within a few weeks or at most months, and for which they are all keeping a reservoir of funds available;

● and discretionary, for repairs and improvements such as damp coursing or repointing, for which all property up to certain rateable values automatically qualifies provided there is money available.

An East London area ripe for grants

Whole cities, such as London, Liverpool, Leeds and Manchester, have ow shut their waiting lists for discretionary grants and told applicants to come back in two years when there may be funds available, Mr Cantle says.

And in others, such as Birmingham, where the entire pool of home improvement grants for the next two years has already been allocated, a rationing system is in use. There preference is being given to allocating discretionary grants to pensioners and people on supplementary benefit and low incomes.

Mr Cantle warns that any legislation from Mr Jenkin to enforce the redirection of grants to special groups could create more problems.

The local authorities never minded if some people made a profit by using grants to improve older properties, he says, because "what is important is that the investment in properties improves whole areas, and encourages people to put money into older houses rather than just buying new ones and letting the old areas rot.

"The Government may say that better-off people would do up houses without improvement grants, but in order to get a whole area improved you have to get a lot of investment," he says.

"I can't emphasise too strongly that Mr Jenkin's policy would put back the programme of meeting the needs of the older housing stock by years, and run the risk of many more houses sliding into slum-clearance areas."

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.12.84 (12) base=100
	as at close of business on Monday 21st January 1985					*as at 31st December 1984* (Geographical Spread)					
	CAPITAL & INCOME GROWTH										
443	Alliance Trust	Independently managed	620	3.3	865	41	47	7	5	94	341
100	Bankers	Touche, Remnant	91	3.6	120	45	40	10	5	105	340
237	Border & Southern	John Govett	163	2.9	219	44	26	23	7	109	290
307	British Investment Trust	Independently managed	337	5.4	466	45	38	16	1	84	296
70	Brunner	Kleinwort Benson	69	4.1	96	49	34	6□	11□	95	296
82	Charter Trust & Agency	Kleinwort Benson	76	4.0	101	59	24	14	3	94	295
130	Continental & Industrial	Schroder Wagg	548	4.7	752	58	40	–	2	102	301
173	Drayton Premier	Montagu Inv. Man.	389	4.2	550	56	27	14	3	93	251
516	Edinburgh Investment (w)	Independently managed	108	3.4	141ø	49	35	9	7	107	314ø
571	Foreign & Colonial	Foreign & Colonial	141	2.5	185	39	36	18	7	104	326
58	General Consolidated	Philip Hill	242	5.0	306	57	39	–	4	93	304
702	Globe	Electra House Group	265	4.9	365	65	23	7	5	102	262
300	Philip Hill	Philip Hill	241	5.5	309	70	28	–	2	94	313
8	Jos Holdings	Kleinwort Benson	107	4.3	132	77	16	5	2	98	288
36	Keystone	Warburg Inv. Man.	372	3.8	487	56	30	13	1	105	311
7	Lancashire & London (q)	Rea Brothers	132	3.1	175	94	6	–	–	72	318
36	London & Strathclyde	Gartmore	173	1.9	197	47	45	3	5	103	315
42	Meldrum	Gartmore	164	3.6	209	76	24	–	–	97	338
126	Northern American	Independently managed	258	3.0	362	43	37	20	–	95	312
99	Outwich	Baring Brothers	136	3.0	182	56	20	14	10	105	279
117	Raeburn	Lazard Brothers	321	4.2	434	49	37	9	5	96	285
78	River & Mercantile	Tarbutt & Co.	132	4.9	161	62	28	7	3	89	301
†	River Plate & General (w)	Tarbutt & Co.	207	4.5	†	†	†	†	†	†	†
34	Save & Pros. Ret. of Assets (w)	Save & Prosper Group	82	1.0	71ø	100	–	–	–	168	†
25	Scottish & Mercantile (q)	Rea Brothers	370	3.0	452	96	4	–	–	102	†
18	Scottish Cities (q)	Rea Brothers	448	4.6	539	97	3	–	–	70	219
424	Scottish Mortgage	Baillie, Gifford	378	2.6	501	42	37□	18	3□	96	355
210	Scottish National	Gartmore (Scotland)	228	2.7	300	48	36	8	8	106	307
175	Scottish Northern	Paull & Williamsons	126	3.7	168	69	24	3	4	113	223
146	Second Alliance	Independently managed	542	3.3	748	41	47	7	5	95	343
465	TR Industrial & General	Touche, Remnant	149	3.2	213	44	21	26	9	104	297
376	Witan (w)	Henderson	152	2.5	188ø	51	29	14	6	108	337ø
41	Yeoman (q)	Independently managed	274	4.3	332	77	14	5	4	97	300
	United Kingdom										
11	City of Oxford	Hambros Bank	205	4.6	253	99	1	–	–	95	268
33	Fleming Claverhouse	Robert Fleming	258	4.8	330	100	–	–	–	101	328
26	New Court	N M Rothschild	385	5.3	500	96	2	1	1	102	278
8	Shires (w)	Stanecastle Assets	246	7.2	170ø	96	3	–	1	102	203ø
110	TR City of London	Touche, Remnant	83	5.3	107	89	9	–	2	102	293
81	Temple Bar	Electra House Group	116	5.4	141	96	4	–	–	95	281
	CAPITAL GROWTH										
	General										
218	Anglo-American Securities	Morgan Grenfell	278	2.7	371	43	33	19	5	111	307
55	Ashdown	Schroder Wagg	417	2.8	496	57	28	10	5	98	283
167	Atlantic Assets	Ivory & Sime	101	0.7	136	30	65	–	5	86	283
121	Edinburgh Amer. Assets	Ivory & Sime	200	0.6	250	14	81	1	4	112	311
65	Electric & General	Henderson	273	1.8	359	54	33	11	2	99	341
24	Greenfriar (w)	Henderson	211	1.1	236ø	62	18	11	9	106	364ø
6	Personal Assets (q)	Ivory & Sime	36	1.6	41	52	48	–	–	90	†
	International										
76	Berry	GT Management	179	0.8	206	47	30	10	13	113	357
100	English & New York	Kleinwort Benson	95	3.5	123	30	48	11	11	103	269
78	English & Scottish	Gartmore	74	2.2*	93	39	33	13	15	92	325
11	F & C Eurotrust	Foreign & Colonial	137	1.7	135	5	–	–	95	107	225
209	Fleming Overseas	Robert Fleming	125	2.7	157	10	58	17	15	81	314
90	Fleming Universal	Robert Fleming	305	3.2	411	21	52	15	12	84	291
70	Gartmore Info. & Fin. (w)	Gartmore	58	2.7	63ø	39	52	5	4	124	300ø
57	General Funds (q)	City Financial	575	2.2	758	38	24	35	3	103	307
27	Group Investors (w)	C S Investments	245	2.2	286ø	44	50	2	4	102	321ø
126	Hambros (w)	Hambros Bank	147	3.7	191ø	53	38	4	5	111	273ø
45	'Investing in Success' (q)	City Financial	523	1.5	685	35	19	38	8	97	302
†	Investors Capital Trust	Independently managed	225	2.2	†	†	†	†	†	†	†
20	London & Gartmore	Gartmore	280	0.8	370	22	68	3	7	79	356
10	Mid Wynd International	Baillie, Gifford	172	1.7	188	14	38	20□	28	99	†
163	Monks	Baillie, Gifford	166	3.1	208	32	38	24	6□	91	324
204	Murray Growth	Murray Johnstone	92	2.2*	125	35	44□	17	4	96	305
224	Murray International	Murray Johnstone	121	3.5*	164	31	47□	18□	4	82	318
73	Murray Smaller Markets	Murray Johnstone	180	1.8*	225	20	15□	29	36	100	308
73	North Atlantic Securities	Morgan Grenfell	304	1.5	375	–	50	36	14	94	324
27	Northern Securities	GT Management	170	1.4	213	54	23	9	14	114	330
102	Romney	Lazard Brothers	249	2.5	339	22	46	20	12	99	295
249	Scottish Eastern	Martin Currie	158	3.2	222	51	22	21	6	104	280
326	Scottish Investment Trust	Independently managed	264	2.6	360	33	37	18	12	102	290
77	Trans-Oceanic	Schroder Wagg	157	2.9	212	41	37	14	8	96	284
77	Tribune	Baring Brothers	116	2.4	148	36	35	17	12	90	330
194	U.S. Debenture Corp.	GT Management	206	4.5	268	52	29	12	7	104	264
	North America										
151	American	Edinburgh Fund Mgrs.	137	2.7*	173	25	75	–	–	95	290
136	Fleming American	Robert Fleming	505	1.2	645	2	98	–	–	96	290
33	Gartmore American Secs.	Gartmore	130	2.2	157	20	68	8	4	104	318
153	Stockholders	John Govett	132	2.5	168	23	74	1	2	100	255
87	TR North America	Touche, Remnant	195	2.5	239	6	94	–	–	107	318
	Far East										
57	CJR Pacific (w)	J. Rothschild	113	–	95ø	–	–	84	16	85	†
27	Drayton Far Eastern (w)	Montagu Inv. Man.	146	0.8	145ø	4	–	53	43	89	288ø
106	F & C Pacific (w)	Foreign & Colonial	151	3.3	177ø	15	24	36	25	95	280ø
191	Fleming Far Eastern	Robert Fleming	316	0.9	370	2	–	73	25	93	361
174	Lake View	John Govett	304	2.1	372	14	4	60	22	99	305
8	New Australia	Edinburgh Fund Mgrs.	99	0.6	130	–	–	–	100	115	†
37	TR Australia (w)	Touche, Remnant	93	3.1	119ø	5	–	–	95	102	269ø
124	TR Pacific Basin (w)	Touche, Remnant	287	1.0	324ø	5	1	73	21	101	348ø
	Japan										
34	Baillie Gifford Japan (w)	Baillie, Gifford	316	0.2	314ø	–	–	100	–	90	†
60	Crescent Japan	Edinburgh Fund Mgrs.	173	0.2	178	–	–	100	–	100	514
136	Drayton Japan	Montagu Inv. Man.	412	0.3	503	1	2□	96	1	92	310
95	Fleming Japanese	Robert Fleming	556	0.8*	615	3	–	97	–	95	389
60	GT Japan	GT Management	181	1.1	185	9□	2	85	4	94	505
56	Japan Assets (w)	Ivory & Sime	62	0.1	59ø	64	–	36	–	–	†
41	New Tokyo (w)	Edinburgh Fund Mgrs.	377	–	369ø	–	–	100	–	96	†

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.12.84 (12) base=100
	as at close of business on Monday 21st January 1985					*as at 31st December 1984* (Geographical Spread)					
	Commodities & Energy										
7●	City & Foreign	Montagu Inv. Man.	115	–	169	8□	92	–	–	92	255
9	New Darien Oil (w)	Hodgson Martin	71	0.5	90	12	76	–	12	95	†
35	North Sea Assets (q)	Ivory & Sime	120	1.8	182	77□	23	–	–	110	†
16	Precious Metals	J. Rothschild	107	0.7	129	14□	58	1	27□	87	[illegible]
99	TR Natural Resources	Touche, Remnant	243	4.4	333	26	47	–	2□	100	334
67	Viking Resources	Ivory & Sime	78	2.1	111	35	64	–	1	120	168
16	Wemyss	Edinburgh Fund Mgrs.	530	5.4	699	37	33	–	30	96	221
30	Winterbottom Energy	Baillie, Gifford	91	1.1	115	19	81□	–	–	61	196
	Technology										
11	Baillie Gifford Tech. (w)	Baillie, Gifford	84	–	103	67□	33	–	–	35	†
61	British American & Gen.	Kleinwort Benson	103	3.6	121	52	36	9	3	98	250
83	Fleming Technology	Robert Fleming	156	2.0	209	41	35	23	1	95	321
91	Independent	Ivory & Sime	260	0.3	322	19	76	–	5	97	†
310	TR Technology	Touche, Remnant	96	2.5	131	34	42	21	3	103	320
	INCOME GROWTH										
114	Aberdeen	Aberdeen Fund Managers	168	5.6	202	69	29	–	1	101	288
260	British Assets	Ivory & Sime	203	5.5	266	48	52	–	–	108	291
110	First Scottish American	Independently managed	260	3.3	346	62	26	11	1	99	325
23	Lowland	Henderson	245	3.8	276	91	6	1	2	108	426
130	Merchants	Kleinwort Benson	94	4.3	123	53	30	9	8□	89	282
118	Murray Income	Murray Johnstone	112	5.7*	134	76	11□	2	11	92	342
146	Securities Trust of Scotland	Martin Currie	119	4.4	161	56	27	16	2	113	297
	SMALLER COMPANIES										
39	Dundee & London (q)	Tay & Thames Inv. Serv.	168	4.0	229	68	20	12	–	92	303
260	English & International (w)	Montagu Inv. Man.	236	4.1	297ø	56	29	9	6	108	278ø
36	F & C Alliance	Foreign & Colonial	92	2.6	130	52	30	13	5	104	329
57	Family	Kleinwort Benson	200	4.7	258	95	4	–	1	99	328
11	First Charlotte (q)	Ivory & Sime	83	0.6	13	90	8	–	2	83	†
10	Fleming Fledgeling	Robert Fleming	103	3.1	143	75	18	6	1	78	296
18	General Stockholders	Gartmore	150	2.2	203	41	53	4	2	97	250
30	Glasgow Stockholders	Gartmore (Scotland)	116	2.3	144	47	39	3	11	103	292
56	London Atlantic	Investors in Industry	152	5.3	207	64	18	–	18	96	244
24	Moorgate	Philip Hill	277	5.5	311	90	5	–	5	95	316
16	North British Canadian	Investors in Industry	179	4.5	242	91	6	–	3	102	257
49	St Andrew	Martin Currie	307	3.6	422	55	28	15	2	100	292
171	Scottish American	Stewart Fund Managers	225	3.2	318	45	39	8	8	96	277
36	Smaller Companies Int.	Edinburgh Fund Mgrs	70	3.2	91	45	35	17	3	94	342
175	TR Trustees Corp.	Touche, Remnant	132	3.7	186	60	31	8	1	107	238
†	Throgmorton (w)	Throgmorton Inv. Man.	228	4.1	†	†	†	†	†	†	†
	SPECIAL FEATURES										
63	Ailsa	J. Rothschild	94	2.1	122	43	32	16	9□	93	†
13●	Consolidated Venture (w)	Montagu Inv. Man.	97	1.3	111ø	14□	86	–	–	84	232ø
143●	Drayton Consolidated	Montagu Inv. Man.	276	4.6	411	62	26	8	4	90	344
19	Edinburgh Financial (w)	Stanecastle Assets	49	2.0	39ø	69	11	11□	9	135	†
33●	Fleming Enterprise	Robert Fleming	255	4.1	329	100	–	–	–	85	317
257	Fleming Mercantile	Robert Fleming	116	3.4	163	50	32	8	10	100	292
14	GT Global Recovery	GT Management	114	2.5	139	65	26	–	9	100	†
153●	London Trust	London Trust Man. Serv.	98	4.0	117	63	28	–	9	100	165
41	Murray Ventures (w)	Murray Johnstone	282	2.2	319ø	82□	15□	12	11	90	311ø
78	Nineteen Twenty-Eight	London & Manchester	177	4.4	206	95	4	–	1	96	275
8●	Stewart Enterprise (w)	Stewart Fund Managers	34	1.7	47ø	43	33	15	10	99	†
82	TR Property	Touche, Remnant	140	3.4	181	70	15	3	12	102	269
	SPLIT CAPITAL (x)										
21	Altifund	Gartmore	458	0.1	571	96	2	–	2	111	433
2	Child Health Research	J. Rothschild	294	–	343	–	20	50	30	167	†
35	City & Commercial	Montagu Inv. Man.	560	–	828	90	5	4	1	116	436
30	Dualvest	Montagu Inv. Man.	1035	–	1279	87	12	–	1	106	320
28	Fundinvest	Montagu Inv. Man.	278	–	383	89	6	4	–	112	372
2	Marine Adventure Sailing	J. Rothschild	210	–	224	4	20	46	30	168	†
33	New Throgmorton (1983) (w)	Throgmorton Inv. Man.	29	–	31ø	100	–	–	–	184	†
36	Save & Prosper Linked	Save & Prosper Group	194	–	474	100	–	–	–	125	334
15	Throgmorton Sec'd Growth	Throgmorton Inv. Man.	254	–	343	100	–	–	–	109	309
79	Triplevest	Montagu Inv. Man.	715	–	1079	86	13	1	–	114	303

NOTES TO THE TABLE

† No data.
* Applies to Ordinary/"A" Ordinary only.
a Does not include special dividend.
□ More than one quarter in non-equity investments.
(x) Capital shares.
● More than 20% in securities or other assets included at directors' valuation.
ø Adjusted for scrip issue.
σ Adjusted for rights issue.
(q) Published quarterly.
(w) Company has warrants or options in issue.
* Not directly comparable with previous published figure.

(a) Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1 & 6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

(b) Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, FREEPOST, London EC2B 2JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

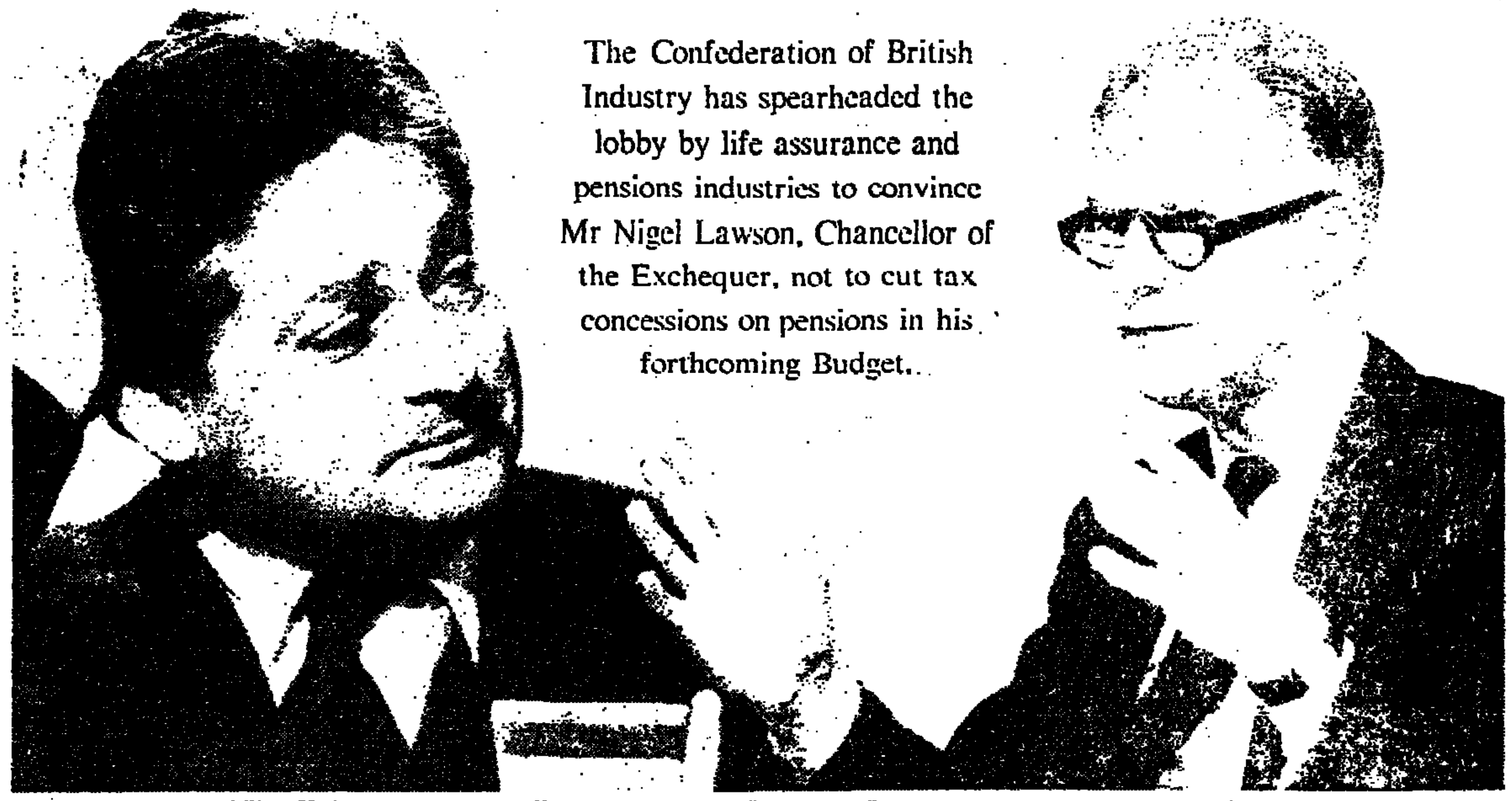
+ Investment Trust Average	303
F.T. - Actuaries All-Share	312
* Standard & Poors Composite	358
* Tokyo New Share Exchange	381
* Capital International World	322

+ Excludes split capital.
* Adjusted for exchange rate changes.

FINANCIAL TIMES SURVEY

Saturday January 26 1985

Personal Pensions



The Confederation of British Industry has spearheaded the lobby by life assurance and pensions industries to convince Mr Nigel Lawson, Chancellor of the Exchequer, not to cut tax concessions on pensions in his forthcoming Budget.

LEFT: Mr Nigel Lawson, Chancellor of the Exchequer. RIGHT: Sir Terence Beckett, Director General of the CBI

Government decisions will be fundamental to future development

BY ERIC SHORT

THIS YEAR could be a vital turning point for life and pensions business in the UK. And never before has the future success of the country's life assurance industry hinged so much on pending Government action.

This was the message from Mr David Morris, deputy general manager and actuary of Colonial Mutual Life Assurance in his annual review of prospects for the industry. And it sums up the feeling of virtually everyone operating in the pensions field.

Is private pension provision in the UK going to continue through the company pension scheme framework, with the partnership between State and private pensions enduring into the next century?

Or will pensions be privatised and personal pensions become the means of provision for the future, heralding the demise of company schemes?

Alternatively, will there be any private sector pension provision at all?

The Government is taking three major decisions this year that will be fundamental to the future development of pension provision.

● The first, and by far the most important decision, rests with Mr Nigel Lawson, Chancellor of the Exchequer, as he decides what he is going to do about the present favourable tax treatment of pension schemes — corporate and personal — in his forthcoming Budget on March 19.

This question has been preoccupying the minds of everyone in the industry, to the exclusion of almost every other aspect or event affecting pensions, ever since last year's Budget, when Mr Lawson ended tax relief on life assurance premiums — a concession that had been granted continuously for more than a century.

As last year progressed, speculation grew that the Chancellor, in the pursuit of fiscal neutrality, would turn his attention to pensions. As a result, an intense lobbying campaign is underway to stop any cuts in concessions, spearheaded by the Confederation of British Industry as well as the life and pensions industries.

As the campaign builds to a climax ahead of Budget Day, the Chancellor is being left in no doubt that any moves to impose heavy taxation on pensions will result in killing private pension provision in the UK.

He is being told in no uncertain terms that on one hand employers could not meet the additional pensions cost burden, thus bringing about the demise of company schemes, while on the other, without tax incentives individuals would not save enough to provide an adequate pension, thus cutting personal pension provisions.

Everyone waits for the Chancellor's Budget statement. Until then, some attention can be devoted to the other major decisions that will affect the industry, the first of these being the introduction of personal pensions.

● Mr Norman Fowler, the Social Services Secretary, unveiled his plans last July for a system of personal pensions. These plans when implemented could make a serious impact on company pension schemes and the political consensus on pensions between the two major political parties.

Such has been the preoccupation with pensions tax, however, that these proposals have received comparatively little attention, a feature that must have brought some relief to Mr Fowler.

The personal pension system he outlined envisages every employee having the right to opt out of his employer's scheme and/or the State earnings-related scheme and make his or her own pension provision.

Although Mr Fowler, in his proposals, emphasises that the scheme has been deliberately devised to sit alongside and not threaten company schemes, there is a great deal of scepticism about the ultimate effect.

The Government has indicated its long-term objective of bringing about a share-owning democracy to go alongside a property owning democracy. Such an objective would involve individuals having their own personal pension with underlying shares and investments.

Thus the introduction of personal pensions could herald a new era in UK pension provision—an era in which company final salary schemes disappear and the State involvement cut solely to providing an adequate basic flat-rate pension, providing always that Mr Lawson's Budget does not bring about a miscarriage.

So Mr Fowler's claim that he is determined to ensure that employers' pension schemes continue to play their present vital role is not regarded by the pensions industry as being of more than a reassuring statement, because he needs the pension industry's expertise to get his scheme off the ground.

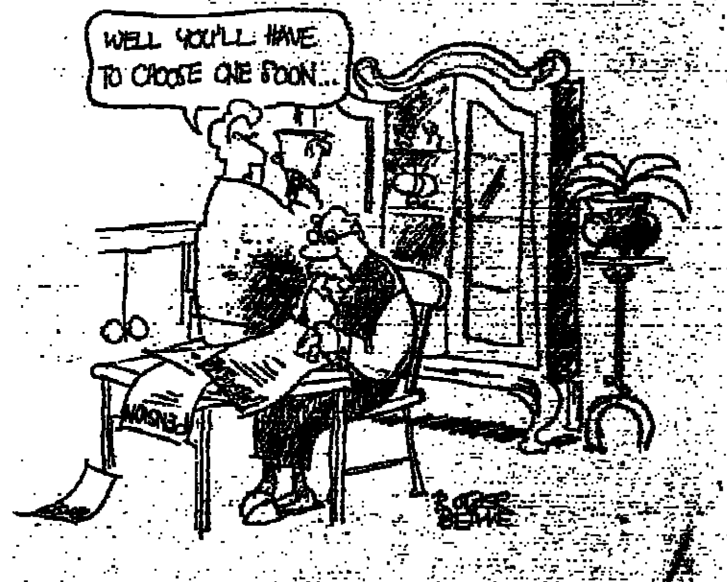
His proposals were not just a skeleton lacking flesh and muscle. Several vital bones were also missing. As such it is difficult to envisage his scheme working in practice.

Yet Mr Fowler is operating under a very tight timetable. The legislation for the scheme has to be introduced in the next parliamentary session in order that the scheme eventually starts during the lifetime of this Government. But is it not clear that this timetable can be achieved.

To achieve this target, Mr

CONTINUED ON NEXT PAGE

Looking to tackle key financing problems



Privatisation

ROBIN PAULEY

PENSIONS is one of the few areas where discussion around the concept of privatisation genuinely means returning choice to the individual rather than turning one sort of corporation into another sort or making a *public monopoly into a private one.*

The key problem with both the present basic pension and the earnings-related pension is their future financing, especially in view of the certainty that in 30 years the working population will be static in size but the non-working population which it will be required to fund will be proportionately much larger than now and still growing.

This practical problem is added to by the philosophical doubts about the lack of personal choice available in the present systems and about whether it is right to provide higher pensions for the well-off by higher taxation on all, including those who are never going to be so well off.

This debate has been catalysed by the decision of Mr Norman Fowler, Social Services Secretary, to undertake a review of pensions as part of his inquiries into the welfare state.

But there is nothing new about the arguments. The first Hobart Paper published in 1957 by the Institute of Economic Affairs was Pensions in a Free Society in which Arthur Seldon argued that in a free and prosperous society adults should be encouraged to save for the sort of retirement and old age they themselves would like rather than the sort the state thinks they ought to have.

The 100th Hobart Paper last year by Professor Victor Morgan was Choice in Pensions and it makes the same point. An ideal system, he says, must:

● Avoid destitution.
● Allow individuals the greatest possible freedom to choose the amount of provision they make for old age and how they make it.
● Create conditions in which savings institutions will compete effectively with one another.

To meet the first criterion Professor Morgan argues for a continuation of the basic state pension at just above subsistence level, financed by general taxation.

However, another contributor to the debate, the Adam Smith Institute in The Future of Pensions by Dr Eamonn Butler and Dr Madsen Pirie, argues that the individual should be made responsible for his basic income—but compulsorily to avoid destitution.

It proposes personal retirement accounts (PRA). An individual setting up a PRA with a bank, insurance company, building society or perhaps even his own employer, would be able to contract out of the state basic pension system. There would be a Government-set minimum payment, and no payments could be withdrawn before retirement.

The PRA would be a private personal and portable asset. The welfare role of government would be confined to paying or supplementing the PRA premiums of those unable to pay the minimum.

Professor Morgan argues that the graduated pension scheme should be wound up and rights acquired between 1961, when the scheme was set up and its end in 1978 should be paid off at their present value in index-linked bonds.

It would be logical to wind up the earnings-related scheme as well if the principle were accepted that the state should not compel citizens to provide *for more than a basic minimum* level of old-age income.

But Professor Morgan identifies a snag: Employers contribute to the scheme as well as employees and it is very unlikely that if it were abolished earnings would rise by the amount of the employers' contribution. "Abolition would therefore involve a redistribution of income that would be adverse to a large number of employees, most of whom are fairly low down in the pay scale."

A possible solution would be to allow employees to opt out and choose an approved pension plan from a private institution. The employee and employer would continue to pay for their "stamps" and the state would pay to the chosen institution an *amount equal to joint earnings-related contribution.*

The problem with this is that it would not give individuals complete freedom to decide the amount and timing of their saving or the management of their assets.

The Adam Smith Institute takes the more radical line and says the present earnings related scheme—"*ill-designed* and of questionable virtue"—should eventually be abandoned as a costly mistake.

"Ending the system, although honouring obligations already made, could prevent the future funding crisis, and could encourage the development of private earnings-related pensions plans better tailored to the needs of individuals."

Instead of being trapped in state plans the individual would be able to go to competing private companies offering competing private pension packages to get flexible and completely portable benefits, tailored to individual need and backed up by a professionally managed fund.

But no individual should be forced to have private cover above the minimum PRA level. "The Government has no obvious right to insist that everyone has earnings-related retirement income whether they want it or not."

Some people might prefer higher spending power during their working lives in return for a lower retirement income. Others might want to save in a different way—for example, putting more money into property or into building up a business.

Apart from the traditional arguments about the extent to which people should be left to decide pension matters for themselves there is a further crucial problem to be resolved: inflation.

There are plenty of elderly people around who thought they were retiring with a pension generous enough to provide a comfortable standard of living for the rest of their days only to see the major part of its spending power wiped out by the soaring inflation of the 1970s and early 1980s.

The Adam Smith report takes an optimistic view. "It is doubtful that the era of high inflation will return. The causes *of inflation have been learned.* the economic model which generated it has been shelved, and the international economic institutions are on their guard against a repetition. And the more individuals who see the threat to their savings or future pension, the more pressure there is on governments not to embark on inflationary programmes."

Professor Morgan is more cautious, saying that although inflation has eased it has not disappeared. "We cannot be sure that inflation will not accelerate again in the future. We need a wider range of index-linked assets, which among other things would enable institutions to offer inflation-proofed money-purchase pensions."

He suggests the Government could take a big step forward by offering conversion rights into index-linked stock, on suitable terms, to holders of all existing non-indexed government securities.

This would have the further advantage of reducing the current interest charge on the budget and of giving governments a strong incentive to avoid inflation in the future.

Criticism of consultative document

Proposals

BARRY RILEY

MR NORMAN FOWLER and his officials at the Department of Health and Social Services are now mulling over the various reactions received to the consultative document on personal pensions issued last July.

The responses will not have made particularly pleasant reading at the Department's Elephant and Castle headquarters. There has been plenty of detailed criticism even from most of those organisations which have favoured a greater individual role in pensions. And of course, there has been bitter opposition from those with a political or commercial vested interest.

The somewhat contradictory nature of the proposals themselves has hardly helped. For while ostensibly seeking to bring freedom of individual choice into pensions—a field in which at present some 12m employees are locked willy-nilly into occupational schemes—the Secretary of State has also taken on board a commitment that there will be no threat to existing employers' schemes.

It is also evident that the Government is keen to pare back State commitments to pensions, and avoid any new spending requirements.

So Mr Fowler is determined to prevent individuals from contracting back into the State earnings-related pension scheme, and he is attempting to push the cost of the bureaucracy involved in personal pensions on to the private financial institutions, even though much of the paperwork would be related to National Insurance contributions and tax.

Moreover, Mr Fowler has been entirely unable to say whether any special tax concessions will be available to people with personal pension plans. It is assumed that the rules will be similar to those already applying to self-employed pension plans.

In the meantime the Chancellor of the Exchequer, Mr Nigel Lawson, is believed to be considering possible changes to the structure of pension tax reliefs.

All the same there is at present a considerable political momentum behind the idea of *personal pensions.* A strong body of right wing opinion, sympathetically listened to by the Prime Minister and other key Conservatives, argues that investments should be brought back under individual rather than institutional or corporate control.

And if the reality is that personal pensions simply involve a switch from one kind of institution to another, there is an alternative argument. Personal pensions are portable from one job to another, whereas company schemes are designed to favour long service employees and thus act against the kind of employment mobility which the Government wishes to encourage.

Briefly, the proposals set out last July provided that all employees should be able to *contract out of company plans*, but should not be entitled to any contributions from their employers except for rebated National Insurance contributions (which would vary with age, but would average just over 4.1 per cent of pay).

Personal pensions would qualify for contracting out of the State earnings-related scheme, and would be subject to minimum contribution levels yet to be determined.

A number of questions remained unclear—such as what rights if any an employee would have to rejoin an employer's scheme, and the precise nature of the machinery—a central clearing house was one suggestion—which would handle the extra paper work involved in personal pensions.

The Government was also undecided on the crucial question of which organisations or individuals would be allowed to market personal pension plans, and what safeguards should be provided to protect the public against dubious sales techniques or long-term investment risks.

From the Government's point of view, the responses to the consultative document have probably contained too little solid advice on uncertain details, and too much criticism of some of the basic decisions.

For instance, the National Association of Pension Funds was concerned about the possible impact on occupational schemes, even though the proposals had been couched to avoid significant damage.

Legal and General Assurance, a prominent supporter of greater freedom of choice in pensions, complained that attempts should have been made to make personal plans still more attractive to employees who are not in company schemes.

There has also been a good deal of squabbling by different commercial interest groups. The life assurance offices want to be given the exclusive right to market personal pensions, arguing that existing regulatory systems could then cope. But other institutions, such as unit trusts, are not keen on the idea of being forced to set up life assurance subsidiaries.

The Pensions Research Accountants Group concluded baldly that there were "serious grounds for questioning the practicability of the Government's proposals" and it would be more desirable to promote personal pensions arrangements which were not contracted out of the State earnings-related scheme.

Elsewhere, the Institute of Chartered Secretaries and Administrators dismissed the advantages of personal pensions as "largely illusory" and that not enough account was being taken of the real dangers of a simplistic personal pension structure.

However, companies like Legal and General and Save and Prosper have given strong support to the objectives being pursued by Mr Fowler, even if they have detailed criticisms. And perhaps not surprisingly the Centre for Policy Studies (CPS), the right-wing Conservative Party think tank, offered a "whole-hearted welcome for the initiatives."

Even the CPS, however, had important reservations. For instance, it did not see personal pensions as being attractive enough on the basis laid down in the discussion document.

It did not like the policy on employer contributions, arguing that "some legislative guidance to encourage employers to give no less to a personal pension plan than to an occupational scheme would strengthen the employee's bargaining position."

Where Mr Fowler goes from here is not very clear. At the very least, a substantial amount of extra work will have to be done on the proposals for personal pensions.

There are serious interdepartmental complications, given that tax considerations are in the control of the Treasury and investor protection aspects are the responsibility of the Department of Trade and Industry.

There is a *commitment to pass legislation* during the life of the present Government, but at this stage it is an open question whether a personal pensions bill could be introduced as early as the 1985-86 Parliamentary session.

Mr Norman Fowler, Social Services Secretary, now considering the response to the personal pensions consultative document issued last July

Fundamental to future development

CONTINUED FROM PAGE 1

Fowler needs the full co-operation of the pensions industry to help him devise a practical system that will function efficiently without needing a massive and expensive bureaucracy to administer it.

In this respect, he must have been disappointed with the reactions to his scheme. He asked the life and pensions industries for their views on a number of important aspects of the scheme.

The responses did little more than highlight the problems he faces. Attitudes appeared to be that if Mr Fowler wants a personal pension scheme against the wishes of the industry, then he should go ahead and produce a scheme.

The pensions industry is now awaiting with some degree of resignation the ultimate proposals and seems indifferent to what is happening.

Although the long-term objective of personal pensions is the de-institutionalisation of investment, the immediate beneficiaries of the scheme will be the life companies.

The discussions on personal pensions presented a picture of very little existing personal pension provision in the UK. This is far from the actual situation. There is a thriving market in a variety of individual penson contracts, with life companies having a virtual marketing monopoly.

Indeed, the individual pensions market received a shot in the arm when the Chancellor ended *Life Assurance Premium* Relief. Life salesmen, only able to sell tax concessions rather than contracts, turned their attention to marketing pensions instead of life assurance.

The self-employed have never had so much attention devoted to their pension and life needs by all categories of intermediaries. As a result self-employed pension sales soared last year, boosted by the speculation on pension tax concessions.

Many Life companies reporting their new business figures for 1984 are showing that sales of pensions, self-employed and executive, have risen to a degree that more than offsets the drop in life business.

● The third major decision concerns the Government proposals on consumer protection. Such proposals will not only impinge on the current marketing of individiual pensions, but will be of vital importance in the proposed personal pension system. The discussion document makes particular reference to the importance of *consumer protection.*

While the life and pensions industries await the outcome of these events, they can study the implications of the Social Security Bill now at the committee stage in the House of Commons.

The Bill covers a variety of pension topics, in particular the Government's proposals to solve the "early-leaver" problem—the loss of pension rights when an employee changes jobs.

The effectiveness of the proposed solution is debatable. But it does open up a new market for life companies, since job changers will have the right to a transfer payment which can be used to purchase a buy-out annuity from a life company.

مكتبة الاعلام

هكذا صدر الأصل

Need for specialist advisers

AS PENSION contracts have traditionally been marketed by insurance companies, so the main source of advice for individuals planning for their retirement has tended to be insurance brokers.

But the complexity of the subject has brought pensions advice out of the range of many high street insurance brokers. "It's extremely difficult to be a general practitioner now, and getting more so," commented Mr Townley of Douglas J. Townley Financial Services, a pensions specialist based in Bolton.

Those insurance brokers who specialise in pensions now often have more in common with the accountants, solicitors and investment managers who have entered the field of personal financing planning than with brokers concentrating on general insurance.

The registration requirements for insurance brokers, however, have so far paid little attention to this point. In the qualification demanded of individuals before they can be registered as insurance brokers no distinction is made between experience in the life and non-life assurance fields.

"I think it's a must to have some division (between life and general insurance) in the brokers' exams," said Mr Alan Kelly, partner in charge of personal financial planning at accountants Thornton Baker. "It's probably the most fundamental change that ought to be made."

Mr Kelly's firm has been one of the most enthusiastic in the accounting profession in embracing the field of personal finance. He feels that accountants have an advantage in the sector because they charge for their services on the basis of the time involved, rather than relying on commission. This, he says, makes them more obviously impartial.

Of course, several insurance brokers, particularly those focusing on financial planning, will charge on a fee basis. And accountants do also accept commission from insurance companies, although they are professionally bound to declare it to their clients and are more likely to offset the money against any fees they charge.

But commission is important to pensions advisers, and it will play a significant part in determining the success or failure of personal pensions when these are made available to a wider public—including those who have the option of joining a company pension scheme.

"It is possible that personal pensions will be a damp squib if there is not enough commission," said John McKirdy, personal pensions director of Noble Lowndes and chairman of the pensions committee of the British Insurance Brokers' Association.

And Thornton Baker's Mr Kelly said that personal pensions would simply not be marketed by brokers if the commission rates were not good, as had happened with pure term insurance contracts.

The marketing of personal pensions to a wider public will, however, open the way to more potential conflicts of interest. "It's playing into the hands of the direct salesman," says Mr Townley.

Noble Lowndes's Mr McKirdy points out that an insurance salesman whose firm does not do any company pension scheme business but does sell personal pensions cannot be expected to give impartial advice on whether an individual should leave his company scheme, and he sees a need for the public to be made aware of vested interests.

But although insurance company direct salesmen attract a large share of criticism for being too driven by commission, they too can provide advice on pensions. Sun Life, for instance, has ten experts in its tax planning department and as the personal pensions market swings towards single premium plans it finds it is increasingly providing regular financial planning help for the same customers.

As the personal pensions field opens, after the impact of new legislation, Mr McKirdy sees the need for licensing not only the obvious pensions practitioners—such as those working for firms that are members of the Society of Pensions Consultants—but also accountants, solicitors and perhaps stockbrokers, banks and building societies.

The widening of personal pensions legislation will mean that individuals face a decision on whether to stay within their company pensions schemes or strike out on their own. For this reason any licensing scheme should also cover not just insurance company direct salesmen but employers' pensions managers, Mr McKirdy says.

There may be a growing demand for companies to provide advice on pensions to their employees, particularly new arrivals.

"Is the company going to provide in-house counselling?" asked Geoffrey Pointon of Pointon York. "The majority of pension consultants now don't get below the company finance director. But enlightened companies will provide this advice."

George Graham

Professor Jim Gower (left), who's report on City reform highlighted the need for protection from high pressure salesmanship. Mr Norman Tebbitt, Secretary of State for Trade and Industry (right) is encouraging pooled investments organisations to form a new self-regulatory body

Focus on investor protection

Consumer Protection

BARRY RILEY

IN ITS response to the Department of Health and Social Security's discussion paper on personal pensions the Consumers' Association called for standardised pension quotations and disinterested, expert advice.

Unfortunately such pious suggestions only serve to highlight the problems rather than solve them. Standardisation is not a very helpful concept when it is important to maintain a wide degree of choice—though certainly a lot could be done to improve presentation.

As for disinterested advice, the fact is that neutral expertise is an elusive concept when any salesman or adviser has to make guesses about what might happen many years into the future, and when buyers of investment products are notoriously reluctant to pay for advice.

The debate over the extension of availability of personal pensions adds extra topicality to the question of consumer protection, at a time when intensive discussions are going on in related fields.

Thus the life assurance industry has been conducting an active inquiry into selling techniques and commission structures, covering pension contracts as well as life assurance plans.

The industry has drawn up a code of practice for selling, and is trying to establish an agency to control commission levels—the Register of Life Assurance Commissions, or Rolac.

Meanwhile, the life and pensions industry has been drawn into a wider debate on investor protection, leading up to the White Paper produced by the Department of Trade and Industry. Mr Norman Tebbit, Secretary of State, is encouraging a number of pooled investment organisations—including the life offices and the unit trusts—to co-operate in forming a new self-regulatory agency which will no doubt view the marketing of personal pensions as a major part of its field of responsibility.

The subject of the protection of the consumer can be broken down into two parts. There is *the question of the management* of the investments over the many years for which a pensions contract may run: whether the investments are well-managed, are of a suitable type, and are safeguarded against anything from excessive charges to imprudence or, ultimately, fraud.

And there is the second question of whether the marketing is of a proper standard, in relation to the commissions charged, the size of the contract signed, and the persuasive techniques of the salesman.

On the first point, the life assurance offices are making a strong pitch to the effect that they should be permitted to maintain their present monopoly on the marketing of personal pension contracts.

They are closely regulated by the Department of Trade and Industry, which has developed experience over many years in monitoring whether the management is fit and proper, the investments are safely held, and high standards of solvency are maintained.

However, the unit trusts are also tightly regulated by the Department of Trade and Industry and are keen to get into the pensions business (as many management groups have already done by setting up life assurance subsidiaries to market unit-linked policies).

Then there are other potential entrants into the pensions field, such as stockbrokers and various investment management firms, including the investment offshoots of big banks as well as tiny "boutiques."

At present many of them are of inadequate stature to be acceptable as personal pension plan providers, largely because they are subject to an uneven patchwork of regulation. But this could change if the new framework of investor protection set up under Mr Tebbit's legislation proves effective.

Even so, it is debatable whether there should be a free-for-all in the investment choice. The unit trust industry already displays an excessive reliance on "flavour of the month" type funds, and specialisation could prove dangerous in long-term retirement funds.

And when the Government offers heavy tax relief on pension contributions, it could be appropriate that it should limit the amount that can be ploughed into commodity futures, venture capital speculations or bags of uncut diamonds.

As for the marketing side, commissions are a controversial area, and one which has caused Rolac to struggle. Even the simple disclosure of commissions to clients is strongly resisted by the life assurance industry.

Perhaps the most important question is whether companies should be allowed to pay above standard commissions to pull in business, let alone the kind of overrides on large volumes which take place seriously in doubt the ability of intermediaries to give individually tailored advice to clients.

There is also an argument for a cooling-off period to allow customers to recover from high pressure salesmanship and reconsider an unwise commitment. Ten days is suggested by the life offices, and some people think a month would be better.

Another aspect of selling which is causing some heart-searching in the investment industry is the question of how future benefits should be projected. Nobody knows exactly what investment returns are achievable over 10, 20 or 30 years, but at the same time, people entering into personal pension contracts need to have some idea of what they are buying.

Insurance companies are coming in for criticism over their use of bonus rates to project eventual benefits. The meaning of such bonuses can be obscure to all but the most expert analyst, and last year Mr Stewart Lyon, a director of Legal and General and immediate past president of the Institute of Actuaries, claimed that it was dangerous to project current exceptionally high bonus rates for long periods into the future.

It is argued that it is preferable to project the underlying returns on investments—giving examples of say 10 per cent and 15 per cent a year—rather than extrapolate on the basis of the historically unusually high returns which have been achieved in the past decade.

A further important way in which people can be bamboozled is through manipulation of monetary figures without regard for the impact of inflation.

Since high investment returns are generally associated with high inflation, long-term benefits need to be presented in real terms rather than in 21st century Monopoly money.

When interest rates are in double figures, modest contributions may justify projections of retirement benefits of many thousands of pounds. But all too often these are compared in sales literature directly with present day pounds.

It is a point which particularly worries officials of company pension schemes, who may in future years have to fend off personal pension salesmen with apparently attractive deals for employees.

The clash here is particularly striking, because company schemes generally play down the benefits available to members, whereas personal plans are subject to varying degrees of hype. From the consumer's point of view, some way must be found of ensuring that like is fairly compared with like.

Personal Pensions 5

Taking advantage of the tax incentives

Self-employed Contracts

JANET WALFORD

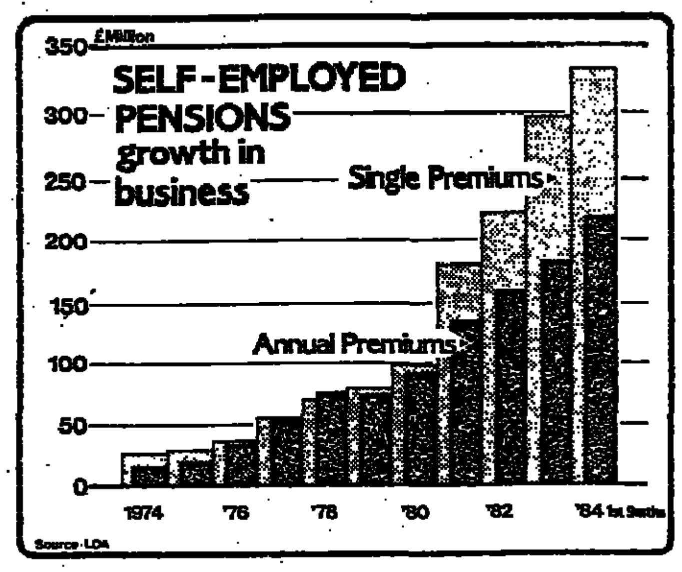
IF YOU are self-employed, or an employee in a company with no pension scheme, then you will have to make your own pension arrangements if you want to look forward to more than just the State pension in retirement.

Since 1956, the self-employed have been able to effect individual personal pensions with considerable tax incentives. The policies are offered by life insurance companies and can provide, as well as a pension in retirement, a tax free cash lump sum, a widow's pension or lump sum in the event of the policyholder's death before age 75, and additional lump-sum life cover.

Further add-on benefits include an option for premiums to be waived in the event of long-term ill health, and loans to *fund* residential and commercial mortgages. The tax incentives are threefold:

- The premiums to the plan, within statutory limits, are eligible for tax relief at the highest rate on earned income (if you pay tax at, say, 50 per cent, then a £1,000 premium will only cost you £500).
- Such premiums are accumulated by the life office in a fund which is free of tax on its income, and of capital gains tax, thereby providing virtually unrivalled growth prospects.
- Part of the pension benefits may be taken as a completely tax free cash lump sum at retirement.

The maximum amount of contribution which may be paid to a personal pension plan is based on a percentage of "net relevant earnings," the amount depending on when you were born.



Percentage of net relevant earnings for tax years

Year of birth	1980-81 and 1981-82	1982-83 onwards
1934 or later	17.5%	17.5%
1916 to 1933	17.5%	20.0%
1914 or 1915	20.5%	21.0%
1912 or 1913	23.5%	24.0%
1910 or 1911	26.5%	26.5%
1908 or 1909†	29.5%	29.5%
1907 or earlier*	32.5%	32.5%

* For 1982-83 this means 1907; anyone born earlier would have attained age 75 so would be bound to have started to take the pension and for 1983-84 it is spent. † For 1984-85 means 1909.

As the policy conditions and benefits under the plans are largely the same (governed as they are by legislation) the choice of plans comes down to one of investment profit distribution.

If you want considerable security in pension funding, you will probably prefer a "with profits" policy. These provide for a guaranteed minimum benefit, to which is added, at regular intervals (usually annually) reversionary bonuses which increase the guaranteed benefits.

Once allocated to a policy, reversionary bonuses cannot be taken away; the pension benefits therefore increase steadily over the term of the policy, and as the policyholder approaches retirement he should have a good idea of the size of pension he will receive.

In addition, the value of accumulated benefits will, in most cases, also be increased at retirement age by a "terminal bonus." Terminal bonuses are very much an unknown quantity — they may or may not be payable at retirement, depending on the investment returns by the underlying funds.

Terminal bonuses

Even though a life company may be paying terminal bonuses on policies becoming claims today, it *does not mean it will* still be paying them when you retire, or that if paid, they will be at the same rate.

Over a long period, benefits arising from terminal bonuses can amount to 25 per cent or more of the total.

If you are prepared to accept a bit of risk, you may prefer a unit linked policy, under which each premium buys units in an underlying unit fund, which can be invested in property, UK equities, overseas equities, and other specialist investment sectors.

The ultimate fortunes of the pension benefits will depend on the value of the units when encashed, and the unit value will fluctuate in line with market conditions. In return for the greater risk of a unit linked policy, there is the potential of greater benefits, and in a rising market a good unit linked policy will invariably outperform the with profits sector.

Deposit administration policies are a variation on the unit linked theme, but operate rather like a bank account. After making a deduction for charges, the premiums are invested in the policyholder's account, to which interest is credited at regular intervals.

The rate of interest will rise and fall in line with market rates, but like the with profits policies, once the interest has been added it cannot be taken away.

The investment funds of all these methods of pension provision are managed by the investment team of the life office. There are, however, limited opportunities for the self employed to manage their own pension funds if they prefer.

Earmarked

These schemes require fairly high levels of premiums, so are usually only suitable for partnerships. Such schemes are offered by a handful of life companies, namely Lloyds Life, Albany Life, Property Growth, Trident, Life Association of Scotland and the biggest operator in this field, Sun Life.

Under the Sun Life scheme the minimum initial investment is £10,000, and the partnership can appoint its own investment manager (who must be a licensed dealer in securities, a stockbroker or a member of NASDIM), to purchase and manage the underlying assets of its own fund.

These assets are separately earmarked for the partnership, but form part of the life companies' own pension fund, and therefore must be suitable for inclusion in that fund. Acceptable assets are any securities quoted on a recognised stock exchange, commercial property (such as the partnership's own business premises) and even loanbacks to individual partnership members are permissible.

One of the benefits of these so-called "self administered" arrangements is that if the partnership is not happy with the performance of its own pension fund, it can sack the investment manager and appoint another!

Another way in which a partnership can run its own fund is to set up its own in-house friendly society. These are only open to partnerships of at least seven members, which may include both full and salaried partners, but not a mix of partners and employees.

The funds of the in-house friendly society are invested as the trustees see fit, the trustees being the partners themselves. Acceptable investments include building societies, authorised unit trusts, bank accounts with the TSB and the partnership property.

Draft rules

To set up one of these in-house friendly societies you need the help of professionals such as solicitors and actuaries whose charges range from £2,000 to £3,000. They will draft the rules of the friendly society and submit them for approval to the Registrar of Friendly Societies.

They will also draft a retirement annuity policy for submission to the Superannuation Funds Office, and prepare a simple business plan for presentation to the Registrar. Both the "self administered" and the "in-house friendly society" systems of pension funding attract full tax benefits.

There are nearly 100 different life offices currently marketing various forms of pensions for the self employed. It is necessary to seek the advice of an insurance broker or pensions adviser to help select the best plan to match requirements.

In a gestatory period

Other Institutions

MARGARET HUGHES

LIFE companies have had a virtual monopoly in marketing personal pension contracts. However, the Government's consultative document in July suggested that other financial institutions should also be permitted to market personal *pensions*.

It proposed that banks, friendly societies, unit trusts, pension funds and stockbrokers could provide personal pensions. Curiously it made no specific mention of building societies which are already firmly established in the Additional Voluntary Contributions (AVC) market, and for whom personal pensions would be a natural extension.

Indeed, the response of the Building Societies Association (BSA) to the document appeared to have failed to *recognise the huge potential of* this market.

Once the penny dropped, however, the BSA made a submission to the Government, requesting that societies should be permitted to market personal pensions. It is estimated that building societies already have between 20 and 25 per cent of the AVC market — a field they first moved into in strength in the late 1970s.

Regular report

Building societies operate *special accounts into which* company pensions funds invest additional contributions deducted *from an employee's salary*. An account is opened in the trustee's name but the individual employee's contributions *are separately identified so that* he can obtain a regular report on his investments.

The account, which normally pays a variable rate marginally above base rate — which societies are now attempting to guarantee for a year — pays interest gross because the investments represent additional contributions to a tax exempt company pension scheme. The proceeds are then invested at the time of each employee's retirement to buy an annuity from a life company.

Building societies argue that personal pensions marketed by them would have the advantage of capital security combined with a good return. They would also have the advantage of simplicity and a visible record of build-up.

There are mixed views as to whether societies should simply be the vehicles for accumulating capital, which would then be used by the individual to purchase an annuity that societies would market as agents or whether societies should undertake to provide the pensions.

Whether or not they would be able to do the latter would depend both on the regulations which the Government would introduce covering those providing personal pensions and on proposed building society legislation.

Where the recent Green Paper showed some reservations was in the building societies role in the insurance market, particularly as underwriters.

The two main life company associations — the Life Offices' Association and the Associated Scottish Life Offices initially argued tha only life companies or life subsidiaries of other institutions should be allowed to sell personal pensions.

They have since modified their response to the requirement that anyone marketing private pensions should be subject to the same regulations as those which life companies have to abide by.

However, if other institutions are merely to become involved in the funding site of personal pensions which would amount to straight savings contracts there would not be the need for such vigorous regulation.

Those institutions such as building societies and unit trust companies, which are interested in the personal pensions market, recognise that were they to provide the pensions and so become involved in guaranteeing benefits or build up amounts then there is a case for saying that they should be subject to similar regulations to those for life companies; particularly those governing solvency and fair marketing.

That aside, life companies still contend that they offer a better deal on personal pensions than other institutions could because they invest their funds over a wide range of instruments.

Possible role

To a great extent financial institutions are still debating their possible role in the personal pensions market. Unit trust groups and building societies appear much keener than banks, with unit trusts arguing that they would offer greater scope for growth through funds invested in equities.

Except where such institutions already have a life company within their group, like Barclays Bank, among the banks and Save and Prosper, or M and G among the unit trusts, most seem largely interested in being vehicles for building funds or possibly marketing products of life companies.

Barclays and Save and Prosper aim to provide personal pensions through their own life companies.

National Westminster Bank's approach will be via its merchant banking subsidiary County Bank's unit trust operations while TSB, through TSB Trust, in November launched its first personal pensions scheme. However, it is yet to decide how far it wants to move into this market.

In common with other institutions it is awaiting more detailed information from the Government on how such schemes will be administered before deciding how it would approach the personal pensions market, if at all.

Among the unit trust groups the majority are expected to opt for being build up vehicles only, although those with existing life companies such as Save and Prosper will now be able to provide annuities.

One unit trust group, Framlington, only a few days ago set up a life assurance company specifically to market personal pensions, simultaneously launching a new personal pension scheme.

But while Framlington has made a bold move most other financial institutions are very much in the gestatory period when it comes to the personal pensions market, awaiting further Government direction.

Mars sets a shining example

Employers Contracts

ERIC SHORT

Lord Vinson, chief protagonist of personal pensions, described pension scheme assets as "nobody's money" when highlighting employees' lack of involvement in company schemes

THE VARIOUS supporters of a personal pension system attack company pension schemes by claiming they are extremely impersonal, with employees having no involvement or identification in their schemes.

Nigel Vinson, now Lord Vinson, the chief protaganist of personal pensions, described pension scheme assets as "nobody's money" when highlighting this lack of involvement.

This is not necessarily the whole story. In many pension schemes, employees have the facility to supplement their pension benefits by paying extra contributions, over and above the normal contributions, into a pension arrangement. These extra contributions, known simply as AVCs (Additional Voluntary Contributions), invested in an AVC scheme are the personal pension of the employee concerned and can be identified as his own.

AVC payments can only be made where the employee does not qualify for the maximum benefits from the main pension scheme. But in practice, few employees are not able to make AVCs, especially as more schemes are now integrating benefits with the basic State pension.

The Inland Revenue permits employees to contribute a maximum of 15 per cent of their earnings towards pensions. Thus if the employee is paying 6 per cent of earnings to the main scheme, he can invest up to a further 9 per cent in an AVC scheme.

An AVC arrangement carries the same tax advantages as other pension arrangements—contributions attract tax relief at the employee's top rate, investment in tax exempt funds and the benefits taxed as the main company benefits.

For employees wishing to save for their retirement, an AVC scheme is a highly tax-efficient savings vehicle that cannot be matched by any other form of savings. The major drawback for many employees is that the assets under an AVC scheme cannot be touched until retirement. Many employees simply do not like the idea of inaccessible assets.

Since AVCs are technically an extension of the main company scheme, the facilities have to be set up by the trustees. An individual employee cannot make his own arrangements.

It is usual for trustees to arrange AVCs outside the main company scheme—with a life company, building society or even a bank. Where a scheme invests AVCs direct, those AVCs are kept in separate accounts for each employee.

The pensions establishment, in the discussions on personal pensions, took the AVC set-up as the model for its concept of a personal pensions system—a third tier personal pension sitting on top of basic State pensions and company or State earnings-related pension.

Its proposal envisgade any employee being able to take out an AVC arrangement of his choice without any direction or control from his employer or the trustees of his company pension scheme.

However, the personal pension proposals from Mr Norman Fowler, Social Services Secretary, were lukewarm towards this concept. The document pointed out that relatively few employees take advantage of the current AVC facilities. The door, however, was not completely closed on this proposal.

However, it is possible to market AVCs successfully if the company and the pensions staff are prepared to give time and effort in providing a counselling service to employees.

The personnel department of Mars Confestionery has produced an in-depth information exercise to employees of its Voluntary Contribution Scheme (VCS).

The results have paid off with half of all employees—from every department—taking out VCSs, with over 90 per cent of employees over 50 having a plan.

The first reaction is to think that Mars must have an indifferent pension scheme that needs such widespread topping-up. But the main scheme has a good, if somewhat unusual benefit structure.

It has a normal retirement age of 63 for men and provides a maximum pension of 60 per cent of final pay—integrated with the basic State scheme from age 63—after 20 years service, with the alternative of a lower non-integrated pension.

Mars has taken trouble to explain to its employees the benefits and uses of its VCS scheme—with particular emphasis on the ability to finance early retirement and to provide capital to start one's new phase in life.

This is followed by individual counselling services, where by using computer facilities and Visual Display Units, the employees can see the effect of extra contributions on his ultimate benefits, using a variety of assumptions regarding the future.

And Mars does not lose interest once an employee takes out a VCS scheme. This service is part of Mars comprehensive pre-retirement programme for employees, under which financial advice starts when staff are in their 40s. The employee is encouraged to seek continuing advice and update his plan every two or three years.

Other companies could well take a lead from Mars in employee welfare concerning pensions. And Mr Fowler could well profit by studying this activity as an exercise in responsible pension selling.

Argument centres on longevity

Sex Equality

MARGARET HUGHES

WHEN Mr Norman Fowler, the Social Services Secretary, set out his proposals for a system of personal pensions last July, the ability of individuals to opt out of both State earnings related and their employers' schemes to set up their own personal pension was portrayed as being particularly attractive to women.

This was partly because women are more job mobile than men. Also because their careers or jobs may be interrupted by time off for raising families, they may not have made sufficient contributions to an occupational pension scheme in order to derive full benefits.

However, on perusing the consultative document which was issued, it soon became clear to both women and the Equal Opportunities Commission (EOC) that women will be given different treatment in the proposed personal pensions scheme in the same way they are assessed separately in the existing Section 226 money purchased-based schemes for individuals who are either self employed or not in pensionable employment.

In such schemes a capital sum is built up and this is used to buy an annuity for retirement. Life companies, however, treat women differently from men on the basis that actuarial data shows women tend to live longer.

Thus, when buying life assurance, women are offered cheaper rates than men, but with an annuity or pension they have to pay more to obtain the same pension or, if they make similar contributions to men, will receive a smaller pension on the grounds that capital built up will have to spread more thinly over the projected longer lifetime.

Thus, as the EOC points out, in its response to the Government's Consultative Document, women opting for a personal pension under the present proposals "will not acquire the same pension entitlement as a man."

According to the EOC women would on average either have to pay up to 50 per cent more than men to get the same pension or, if they paid the same contributions, would end up with a pension up to one-third lower than the equivalent male.

To eliminate this discrimination, the EOC argues that life companies selling annuities should pool the risks of men and women, such as is, on the whole, presently done in occupational pension schemes.

Much progress has been made in eliminating sex discrimination within both state and occupational pension schemes since the 1975 Social Security Pensions Act.

Women do at least, generally speaking, now have equal access to pension schemes. Benefit in the form of an employee's pension is the same for men and women on equal pay. But the sex based difference in retirement age along with benefits paid or not paid to dependents is still widespread—as they are within the state scheme. There are also sex related differences when commuting pensions for lump sum payments.

This will continue even when the proposed EEC legislation on equality in pensions is introduced because it allows deferral of equality of retirement age and survivors' benefits until these discriminations have been eliminated in the member country's state pension schemes.

Even so there are a few occupational schemes such as that of the Civil Service which already have the same retirement age for men and women, while a third of occupational schemes now provide widowers pensions.

Another 20 per cent do so, but only if the widowers were dependent on their wives. Given that it is relatively cheap to provide widowers pensions since insurance company data shows that 90 per cent of men are married on retirement whereas 30 per cent of the women are single, added to which women live longer and are generally younger than their husbands, there is still a long, long way to go.

Statistics put forward by the life companies to counter EOC arguments show a woman can expect to live about 20 years in retirement compared to a man's 12 or 13 years. The peak age for male deaths is 79 and for women 83.

All of which leads representatives of the life companies to comments such as those made by Professor David Wilkie of Standard Life who has published a paper entitled "The case for different treatment of women".

Professor Wilkie, in common with others in the industry, argues that were legislation to be introduced to abolish differentiation by insurance companies of men and women then this would only lead to indirect discrimination.

Life companies would be reluctant to sell life assurance to men and annuities to women. As a result he would envisage some companies marketing personal pensions and any other form of annuities either solely to women or to men and setting their price accordingly at an apparent fixed rate.

Alternatively if life companies were to quote a "unisex rate" then women would pay more than they do now for life assurance and men more for annuities as a result of pooling the risks.

At present life companies are able to treat men and women differently if this is based on actuarial considerations under exceptions allowed by Section 45 of the Sex Discrimination Act of 1975.

Not surprisingly the EOC considers it "crucially important" to repeal Section 45 of the Act and had been lobbying hard, even before the publication of the personal pension proposals which would extend the discrimination permitted under Section 45.

The Equal Opportunities Commission believes Government proposals on personal pensions discriminate against women in the same way as existing money-purchased schemes for the self-employed or those not in pensionable employment

It now considers repeal of Section 45 as essential to the removal of the EOC's "fundamental" objections to the new private pension scheme, where the benefits would differ on the grounds of sex.

The Government's consultative document on private pensions barely addresses the issue of sex differentiation. Indeed, what references that are made are somewhat contradictory.

On the one hand the proposals would seem to perpetuate the principle of age and sex related contributions and are references to widows pensions but none to widowers benefits.

Yet at the tail end of the document passing mention is made of an EEC Draft Directive on equal treatment in occupational social security schemes, with the comment that any arrangements for personal pensions "would need to comply" with the final Directive when it is issued. Existing Section 226 policies based on the money purchase approach would most certainly contravene the EEC Draft Directive.

The EOC has thus drawn the Government's attention to its obligations to the EEC Directive once it comes into force and points out the problems which would arise were the arrangements drawn up for proposed personal pensions not to comply. The EOC suggests it would be better to comply with the Directive's intentions in the first place than have to change the scheme later with all the uncertainty and insecurity which that implies for individuals who had taken out personal pensions.

Specifically the EEC Draft Directive outlaws the application of different actuarial standards and different rates of contribution according to sex. It also eliminates different standards for men and women when an individual either wants to leave an occupational scheme or wants to transfer rights from one scheme to another.

While the EOC wants the Government to both repeal Section 45 of the Sex Discrimination Act and to ensure that its personal pension scheme complies with the requirements of the EEC Draft Directive on equality in pensions as a means of eliminating sex discrimination in personal pensions, it also argues that the Government's proposals as they now stand may even be contrary to existing European legislation.

Given the European Court's wider interpretation of "pay," employers who made different payments according to the sex of their employees, either as direct contributions to pension schemes or in passing on the contracting-out National Insurance rebates which could be regarded as deferred pay would be contravening Article 119 of the Treaty of Rome, which requires equal pay for equal work.

Similarly if the contracting-out rebates are not considered to be "pay" they would be regarded as social security payments and any inequality in payment—at present they are calculated by the Government Actuary on the basis of age and sex—would be in breach of the EEC Directive of equal treatment in social security which came into force at the end of last year.

According to the EOC, contributions and pension amounts are not the only areas where discrimination would exist under the new personal pension proposals. Women would also get different transfer values.

On either transferring to the State earnings-related scheme, their transfer values would be larger than those for men. If a woman opts for a deferred pension, however, she would get a smaller annuity than the equivalent man, again on the basis that it would have to be paid over a longer retirement period.

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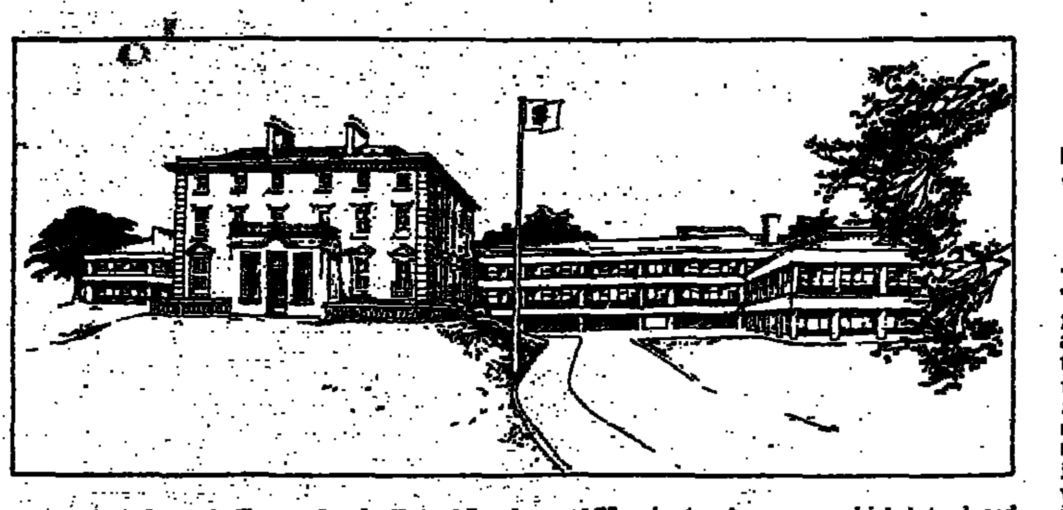


The Winslade Park, Exeter, head office of London and Manchester Assurance which introduced the buy-out annuity facility some five years ago

Personal pension arrangement in miniature

Buy-out Annuities

ERIC SHORT

THE FACILITY to have a miniature personal pension arrangement is already available to those employees who change jobs, in respect of their pension entitlements built up with their old employer.

The central pillar of personal pension proposals in the pipeline is that an employee should be able to opt out of company pensions and make his own personal pension arrangements. Those changing jobs however can already do this in a somewhat limited fashion.

An employee, with at least five years' service with his previous employer, is entitled to a deferred pension in his old employer's scheme. He can leave that deferred pension in the old scheme. Or he can take its equivalent *lump sum* value, known as a transfer value, and take it to his new employer's scheme, if there is one and if that scheme will accept it.

In either case, the employee will remain in a company pension scheme for his pension entitlement earned with his previous employer.

Alternatively, he can take the transfer value lump sum and invest it in a buy-out annuity from a life company of his choice—a miniature personal pension arrangement.

The buy-out annuity facility was introduced about five years ago by London and Manchester Assurance, with its TransPlan. This concept was designed first to make available to employees an alternative form of pension arrangement which would offer better value than the deferred pension and secondly to enable trustees to remove the liability of holding a myriad of small deferred pensions in their scheme.

The facility was formalised in Section 32 of the 1982 Finance Act and these annuities are often referred to as Section 32 buy-outs. *Many life companies* now market such contracts and are reporting good business for 1984. For instance, Equitable Life sold £4.5m and London and *Manchester £4.85m* worth last year.

Single premium

The buy-out annuity operates on the money purchase principle with the employee investing his transfer value in a single premium pension contract approved by the Inland Revenue. The money is accumulated to retirement in tax exempt funds and the sum used to secure a pension, with the option to commute. This same operational principle is proposed for personal pensions.

But because there is no personal pension system yet, buy-out annuities *fall* within the current company/State earnings-related pension scheme rules.

Part of the deferred pension in the old scheme represents the benefits that would have accrued in the State earnings-related schemes, known technically as the Guaranteed Minimum Pension or GMP. This GMP element is revalued each year to allow for inflation.

If the employee changes jobs and takes a transfer value to his new employer's pension scheme, then that scheme accepts the GMP responsibilities. Similarly, the buy-out annuity takes on the GMP revaluation and this imposes restrictions on the underlying investments.

GMP values are still comparatively low since the State earnings-related scheme has only been operating since 1978. So the guaranteed element in a traditional with profits con*tract is still sufficient to cover* the GMP liability. But as GMPs grow, a greater guaranteed element will have to be introduced.

A linked life pension contract has to guarantee the GMP element and only the non-GMP element can be invested in the usual linked funds which provide the employee with the degree of investment choice envisaged in personal pensions. This degree of choice will diminish as GMPs get larger.

The position when the employee reaches retirement is by no means clear. Since buy-out annuities are company pension arrangements, the benefits secured by the contract are aggregated with other pension benefits and subject to the usual Inland Revenue limits of two-thirds final salary pension and one and a half times the final salary commutation.

But the employee holds the buy-out annuity, whereas at retire*ment it is the responsibility of* the trustees to ensure the limits are not exceeded. Thus at retirement the employee should inform the trustees of his then pension schemes of the benefits of the buy-out annuity and the trustees should ask him for details.

Such a situation is ripe for mistakes, misunderstandings and errors. The Revenue is concerned that limits could well be exceeded unintentionally. It is holding discussions with the life associations on these administration aspects. The life companies have made it clear that they cannot take responsibility for monitoring the overall limits.

What happens if the employee is not in a company scheme when he reaches retirement is anyones guess. The life companies and the Revenue seem to be waiting for someone to reach retirement and then take it from there.

The 1984 Social Security Bill proposes that all employees will have the right to a transfer value, though most pension schemes already give this right. So employees changing jobs have to decide whether to leave their pension rights in their old scheme, transfer them to their new scheme or purchase a buy-out annuity.

Choice not easy

The choice is not an easy one to make and neither life companies nor pension schemes present their figures in a form that enables an employee to make a comparison easily.

Pension schemes usually show just the current value of the deferred pension with no allowances for possible increases in that pension before and after retirement. The current Bill imposes revaluation of deferred pensions earned from this year so adding to the complications of forecasting the ultimate pension.

Life companies still do their calculations on just one growth rate and show the cash accumulation in pounds. No attempt is made to indicate the real value of that cash sum or the pension secured.

All too often, a quite modest transfer value becomes a six figured cash sum in 30 years time. This gives the impression that the buy-out annuity is far better value than a deferred pension, a situation that is not necessarily so, especially if the deferred pension is revalued for inflation both during deferment and when it becomes payable.

Ideally, an independent adviser should discuss the alternative with the employee, adjusting each quotation so that one is comparing like with like. The assumptions underlying the quotations should be explained so that the employee has all the necessary information to make his decision.

The Government's personal pension proposals concerned themselves greatly with provision of information, since under the personal pension scheme employees will be faced with such decision making.

Mr Fowler and his advisers should study the operation of buy-outs to understand the problems of providing information and comparing two different pension systems.

The life associations in their evidence on personal pensions have gone some way along the road to setting out in general terms how information should be given on personal pensions.

The association should have gone much further. It should have taken the opportunity to set out a quotation system for buy-out annuities, not only to implement a system for current use by employees, but to give a blueprint for personal pensions.

If personal pensions do come into being, then buy-out annuities will disappear. The Current Bill will allow transfer values to be invested directly into a personal pension.

Mr Peter Birch, chief executive of Abbey National building society which has linked with Commercial Union over self-employed contracts.

Choice on basis of investment risk

Type of Contract

ERIC SHORT

THE various types of personal pension contracts currently available—self-employed, executive, Additional Voluntary Contributions (AVC) and Buy-out annuities—all operate on the same money purchase principle. Contributions paid are invested in a variety of funds and the value accumulated to retirement is paid partly as a cash sum, with the remainder used to buy an annuity.

The underlying investment funds offered by a life company or other financial institutions are invariably the same funds irrespective of the type of plan, with the same investment implications. The differences between the contracts arise from the different tax treatments imposed by the Inland Revenue.

Investors, particularly the self-employed and executives, have a wide choice of underlying investment funds for their pension plans. Each type of contract on offer carries a particular style of investment with varying degrees of investment risk.

Those investors who want complete guarantees in money terms can still take out non-profit plans from life companies where the cash accumulation, or the pension is guaranteed in money terms. However, this is possibly the riskiest investment in real terms, especially if interest rates and inflation rates are rising. Very few of these contracts are now issued and then usually for one or two years' duration to retirement.

Those self-employed who like the underlying security offered by building society investment can take out pension contracts where their contributions are invested directly with a building society, getting a gross rate of return. Abbey National has linked with Commercial Union and Woolwich with Trident Life.

Building societies are more active in the AVC sector. Around one quarter of AVC schemes are now with building societies—employees liking the simplicity and high interest currently on offer.

Other life companies market a building society style of contract, where the investment return is normally guaranteed to be not less than the building society mortgage rate.

*These contracts are all basic*ally fixed-interest investments. Ideally, pensions should be invested in real rather than money assets so that the real value of pensions can be maintained.

The halfway house between complete guarantees and an investment media with no guarantees at all is the conventional with-profit contract marketed by traditional life companies.

The underlying concept of with-profits is that a basic level of benefit is guaranteed at a low level. Each year the life company adds bonuses to the benefit and builds the guaranteed element.

A bonus once declared is then guaranteed, but future bonus rates are not. Usually a final bonus is paid when the investor retires and/or starts drawing his pension.

There are many variants on the bonus system. The system now becoming popular is one which operates basically as a deposit account, with a guaranteed low-rate of interest, say 4 per cent, and bonus interest is added each year depending on performance.

The underlying investment fund operates on a pooled basis for all contracts, with investments across the whole spectrum—fixed-interest, UK and overseas equities and property being the main holdings.

The mix is decided by the investment manager, but there will be a significant fixed-interest element to match the guaranteed liabilities. The investor has no involvement in investment decisions.

An investor who is prepared to carry the investment risk *himself and reap the rewards* can take out a unit-linked contract. These contracts carry no guarantees, but offer the prospects of high returns.

It is a simple concept with the investor buying units in the investment fund of his choice and buying a pension with the cashed-in value of the units.

There is now a wide range of funds available to investors, including a variety of UK and overseas equity funds, property, fixed-interest, index-linked and cash, with opportunities to switch between funds.

This latter feature offers investors the chance to become involved in the strategic investment decisions through selecting and switching funds, leaving the institution to handle the running of such a fund.

The investor can leave every*thing to the institution* by selecting the managed fund, where the institution decides on the choice of investment mix.

In theory, unit values can fall to zero, or at least become depressed at the time the investor has to cash them in. This risk feature was highlighted by the pensions establishment during the discussions with the Government on personal pensions. Mr Norman Fowler, Social Services Secretary, in his proposals, sought views on the type of investments permitted for personal pensions and whether there should be any limitations on investor's choice.

The debate as to whether unit-linked or with-profits contracts offer the best performance prospects has been going on for some time. The accompanying table shows that the claims of linked pension supporters have been realised. Unit-linked contracts not only provide a far superior performance at the top end, but the average performance is better than with-profits average returns.

The fears that the performance of the worst funds would be utter disasters have not been realised. The figures should indicate to Mr Fowler that he can allow investors a wide degree of choice for personal pensions.

There are a variety of ways of analysing performance to assess the returns on different types of funds. It is interesting to note that property funds—highly recommended a decade ago — are among the worst performers.

But everything comes down to the fact that the investor himself has to decide what type of contract *into which to put his pension con*tributions, bearing in mind the underlying features of each investment style.

Comparisons of cash values accumulated at age 65

Self-employed pension contract taken out in 1974 when aged 54 years and 11 months, paying an annual premium of £500.

	With-Profit	£	Unit-Linked	£
Top fund	Scottish Equitable	13,010	Barclays General	18,781
Medium fund	Colonial Mutual	10,323	S & P Managed	11,950
Bottom fund	Time Assurance	8,377	Hambro Life Fixed Int.	8,852

Source: Planned Savings

No shortage of options or incentives

Executive Contracts

PETER GARTLAND

UNTIL a little over a decade ago, controlling directors (those who control 20 per cent or more of a company) were limited to arranging their pensions as though they were self-employed and were thus subject to limits on contributing levels.

All that changed with the passage of the Social Security Act 1973 since when it has been possible for controlling directors to become members of their own company pension scheme or, alternatively, to set up a separate plan to cater for their special requirements.

There are well over 100 such plans available on the UK insurance market.

These plans fall into three main groups—unit-linked, with profits and deposit administration. Whichever type is chosen, certain key elements are common by virtue of various pieces of financial legislation.

Executive pension plans are designed for approval by the Inland Revenue under Finance Act 1970. This requires that the employer must contribute to the plan and the contribution must be more than a mere token. Contributions are off-settable against corporation tax.

It is not essential for the employee (whether controlling director or senior executive) to contribute to the plan but if he does so, he gets tax relief at his top rate—up to 60 per cent—on contributions of up to 15 per cent of his Schedule E earnings. As well as salary, this includes directors' fees, benefits in kind, bonuses, commission and any overtime payments.

An executive pension plan must be set up in trust, and most insurance companies will provide the documentation.

All contributions to the plan are invested in a fund which is entirely free of all tax on its income from investments and deposits, and free of capital gains tax.

Not only does an executive pension plan provide a maximum two-thirds of final salary pension plan provide a maximum completed 10 years' service—shorter service periods result in a scaled-down pension—but there is also the option of a tax-free lump sum at retirement.

This can be as much as one and a-half times final remuneration for those with at least 20 years' service. Again there is a scale on which the lump sum option is reduced for those with less than 20 years' service.

Service which may be taken into account consists of years with one's present employer or other companies in the same group, including service both before and after starting the plan. Service with former employers or periods as a Schedule D taxpayer do not count.

If a member leaves the service of his present employer, or the company is involved in a take-over or merger, the plan can be continued by the new employer.

An executive pension plan can also be used to provide working capital through a loan-back arrangement, and as a basis for CTT planning. Minimum annual premiums vary from one insurance company to another but can be as low as £100. Single premiums can also be paid and this option can be useful in alleviating a company's corporation tax burden.

Planning device

So, an executive pension plan is really a multi-purpose financial planning device, and one which is well worth considering by directors of small companies.

These plans are not available to the self-employed. In theory all employed people are eligible—the only conditions being residence in the UK and taxation under Schedule E. In practice, such plans remain a great perk for a select few.

Insurance companies may put a lot of marketing muscle into executive pension plans but they do not have a monopoly. In recent years it has become fashionable for small companies to emulate their larger rivals by making their pension arrangements on a self-administered basis — that is one where the trustees themselves (normally the company's directors) decide the fund's investment policy.

Such arrangements have long been commonplace among many household-name companies whose pension funds either employ their own investment managers or use the services of stockbrokers and merchant banks.

However, it is only within the last few years that such arrangements have been advocated widely for small schemes—broadly defined as those with fewer than 20 members.

There are two principal advantages associated with these small self-administered, or captive, schemes, as they are sometimes known.

First, there is scope for the scheme to make loans to the company, normally up to 50 per cent of the scheme's total assets. Secondly, there is the possibility of buying property from the company and/or its directors so long as the deal is struck at a realistic price and the property will be capable of being sold when money is needed to provide retirement or death-in-service benefits.

Self-administration or direct control over investment strategy (which is what it amounts to) clearly has appeal for the directors of small companies in that it provides a tailor-made financing mechanism as well as building up pension benefits. Not that the trustees of such a scheme have carte blanche in respect of how they invest fund monies.

The potential for abuse was acknowledged publicly six years ago in Memorandum Number 58 issued by the Superannuation Funds Office (SFO) of the Inland Revenue.

Among other things, Memorandum Number 58 makes it clear that the SFO is unlikely to approve a small self-administered scheme which invests a significant amount of its funds in works of art or other non-income producing assets which could be made available for the personal use of scheme members.

A further SFO requirement, usually for schemes with fewer than 12 members, is the appointment of a so-called pensioneer trustee whose job is to ensure that the scheme is not wound up other than in accordance with normal pension scheme practice.

This is to ensure that the scheme is not prematurely closed, with assets being distributed among members.

Insurance companies have responded to self-administration with their own hybrid schemes which offer a mixture of self-administration and insured management.

There is no shortage of options when it comes to executive pensions. There is no shortage of incentives either, although whether the full range of tax breaks will remain in place is currently the subject of much speculation and not a little passionate debate.

Mr John Moore, Financial Secretary to the Treasury (left) has given no hint of any assault on tax rules for pension. Meanwhile, Mr Roy Hattersley, shadow Chancellor (right) has warned that a future Labour government would tax pension fund income on overseas investments.

Detailed defences against possible attack

Taxation

CLIVE WOLMAN

FOR THE last nine months, the pensions and life assurance industries have been conducting a detailed debate with the dumb over the tax privileges on pensions.

What prompted the debate was the swift and unanticipated removal of life assurance premium relief in the last year's Budget and some tough talking at that time by the Chancellor Mr Nigel Lawson against the tax privileges granted to institutional investment. Rumours spread of an impending attack on pensions in the 1985 Budget.

From last March, however, until December, neither Mr Lawson nor the Financial Secretary to the Treasury, Mr John Moore, made any further suggestion that an assault was likely, or was even being considered, on the tax rules for pensions.

This contrasts with statements by both ministers in which they have hinted fairly strongly that they would like to spread the net of Value Added Tax to include more goods and services which are at present zero-rated.

In December, the Chancellor was confronted with reports that many people were considering premature retirement before the Budget in order to escape any possible removal of the tax exception granted to lump sum retirement pay-outs. In response, he announced that no one would be worse off by retiring after the Budget. He has nevertheless given no other indication of his plans.

For this reason, the pensions industry has had to prepare detailed and in-depth defences against all possible attacks without knowing which is the most vulnerable spot.

The Chancellor has insisted on maintaining Budget secrecy and has refused to engage in consultations on this, or any other non-technical, tax issue.

Few outsiders

Thus the case for the opposition to pension tax privileges has been left to a few outsiders such as Mr Philip Chappell, of the merchant bank Morgan Grenfell, whose proposals for removing all the differences between pensions and other forms of saving are too radical and probably impractical to be seriously contemplated by the Government.

There is no consensus of opinion about the revenue-yielding potential of an attack on pensions' fiscal privileges. The latest figures of the revenue losses of the various reliefs, published by Mr Moore in response to a Parliamentary question earlier this month, are however higher than had been previously assumed.

The deductibility of employees' contributions to occupational pension schemes against their top rate of income tax is estimated will cost £1.25bn in the current fiscal year.

Employers' contributions, if taxed as a benefit in kind of the employee, would yield an extra £2.1bn per year at a very rough estimate. Alternatively, not allowing employers to charge their pension contributions against profits for corporation tax purposes would yield an extra £1.6bn.

Imposing tax at the basic rate on the investment income of occupational pension schemes would raise an extra £2.5bn. Taxing the lump sum payment to pensioners at the basic rate would raise £900m.

This latter figure was previously assumed by the Inland Revenue to be worth only £650m. The substantial upward revision must have increased the attractiveness of attacking the lump sum pay-out. For even if the tax was phased in gradually, say over 10 years—as it would have to be in view of the Chancellor's commitment in December—the yield by 1987-88, the last year before the election, could already be substantial.

If the tax exemption on lump sum pay-outs were removed, many people would doubtless choose to forego the lump sum and take the benefit in the form of a higher pension annuity.

At the very least they could thus avoid an excessive liability to higher rate tax in their years of retirement. But the £900m projection in any case assumes tax is paid on the lump sum only at the basic rate. Thus a general switching to annuities would not necessarily depress the tax yield.

Leaving aside the political constraints, an attack on the lump sum tax exemption must appear the most attractive to the Chancellor. The basic rules could be introduced simply without the need for any complicated anti-avoidance provisions merely by deeming the entire pay-out to be part of the recipient's income for that year — although the transitional arrangements would have to be more involved.

Removing anomaly

Such a change would also have no knock-on effects by throwing up other distortions in the economic or financial system. In fact, by removing an anomaly in the general principles of pension fund taxation, it would undermine the proliferating tax avoidance schemes used in executive and self-employed pension planning.

These hinge on investing large sums with tax relief in the last few years before retirement so as to make possible the withdrawal of the maximum tax-free lump sum.

The Association of Consulting Actuaries, in a position paper issued last month, argued that lump sum payments on retirement should not be treated differently from the golden handshakes paid on the termination of employment.

But the underlying rationale for exempting at least the first £25,000 of a golden handshake is very different. It is regarded as a form of compensation or damages which is due to an employee just because he has some of his working life still ahead of him before retirement.

In any case the scale of the tax relief enjoyed by golden handshakes has been steadily eroded in recent years.

Politically, however, an attack on the lump sum payment would be more difficult to follow through. It is the one tax benefit granted to pensions that the general public can easily understand and fully appreciate.

A gradual phasing-in of the tax at least has the merit that most of those who would suffer would be too far away from retirement to feel any perceptible damage.

The Life Offices Association and Institute for Fiscal Studies have in their literature highlighted effectively the difficulties of subjecting contributions or investment returns to tax.

Such changes would be highly distorting, easily avoidable or cause major leakages of Government revenue elsewhere. The Chancellor must have felt he was entering a morass as he delved into the complexities.

Nevertheless, because the cost of the relief is so high, the Chancellor must be tempted to impose at least a small tax, say 5 or 10 per cent, on pension funds' investment income and hope the electorate will neither notice nor care.

After all, with the scare stories of the last year, and Mr Roy Hattersley's warning that a future Labour government would tax their overseas investment, Mr Lawson has the advantage that the pensions industry would probably consider a limited attack on the lump sum or on their investment income as being let off lightly.

Seeking solution to weakness in company pension schemes

Legislation to help job changers

Early Leavers

ERIC SHORT

ONE major weakness in UK company pension schemes is the poor treatment given by most schemes in the private sector to employees who change jobs—the so-called "early leaver" problem.

Up to now, an employee changing jobs, having served at least five years with his old employer, is only entitled to a deferred pension based on his salary and length of service at the time of leaving.

There is no obligation on the part of schemes to revalue deferred pensions, so inflation soon erodes the real value of the benefits left behind by the job changer.

This subject has been under discussion within the pensions industry for several years, even though the complete solution to the problem is demonstrated by public service schemes. These revalue deferred pensions in line with inflation and this solution was put forward by the Occupational Pensions Board nearly four years ago.

But only now has the Government got down to the task of imposing a solution on schemes, since pension schemes and employers were not prepared to resolve the problem themselves without legislation.

The 1984 Social Security Bill now in the Committee stage in the House of Commons, proposes that in future deferred pensions will be revalued up to retirement date by the rise in the Retail Price Index, subject to a maximum increase of 5 per cent per annum over the period. But it is nowhere near as simple as that.

The main subject of the discussion was the cost element and how pension schemes and employers would meet the extra costs involved. Indeed, many employers were opposed to having to pay anything for ex-employees who had left their employment voluntarily.

It was argued with some vehemence by the pensions industry that it would be unfair to apply the legislation retrospectively or even to apply it to past benefits of future job-changers because of the cost element. And the Government has accepted the argument.

Thus the Bill lays down that employees changing jobs as from January 1 1986 will have just the benefits that have acrued since January 1 1985 revalued as proposed. Benefits acquired before 1985 do not have to be revalued.

Thus the legislation will result in a complex situation for early leavers deciding on the value of their deferred pension. Until well into the next century many employees changing jobs will be faced with the situation that different bits of their deferred pension will be treated differently; in as many as four ways according to what the benefits represent and when they were acquired.

The solution will not really become effective in solving the problem until the next century and then only if the annual inflation rate remains at or below 5 per cent.

A return to double-figure inflation would make the protection under these proposals far from complete. However, once these proposals are on the Statute books, a future Government could change the maximum rate—a thought that perturbs the pensions industry.

Point overlooked

A point often overlooked by commentators and one that has not been emphasised is that the Bill does not require the revluation of the deferred pension to continue once the pension becomes payable. It is then treated like other pensions in payment.

A significant minority of pension schemes in the private sector still do not revalue pensions in payment by more than three per cent a year.

Under the proposals, employers could find themselves facing a moral obligation to continue the revaluation once the pensions became payable, and to apply that revaluation to all pensions.

It must be remembered that these proposals only apply to job changers with at least five years service with their previous employer or to those employees who are entitled to a deferred pension with less services. Most job changers have less service and their entitlement is usually a refund of contributions. This situation will continue.

However, where job changers are entitled to a deferred pension; the Bill is now giving them an automatic right to a transfer payment instead of a deferred pension. Most large and medium schemes already do this. Employees must use this transfer payment to:

- Buy pension rights in their new employers scheme, provided the scheme will accept the payment.
- Buy an annuity from a life company of their choice.
- Invest in any other permitted form of pension arrangement.

At present there are no other forms. The legislation is preparing the way for a personal pension system.

The thorny problem of calculating transfer values is still under discussion between the Department of Health and Social Security and the acturial profession.

Employees changing jobs are usually upset over what they consider are low transfer values based on a comparison with what they feel has been paid into their old scheme and what rights it will buy in the new scheme. For instance an employee with 10 years' service finds it will only buy two or three years in his new scheme.

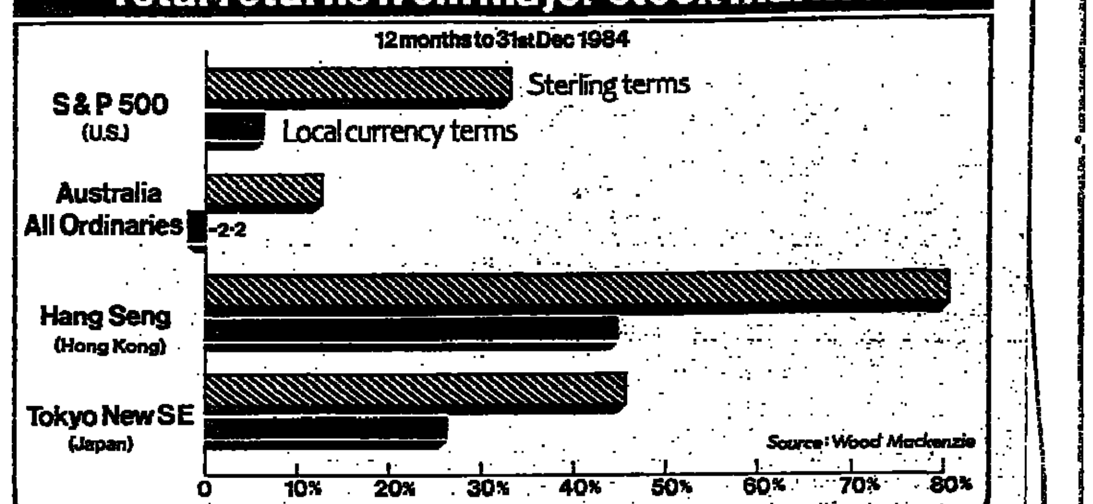
Mr Norman Fowler, the Social Services Secretary, is determined that in future job changers will get fair value. The problem is that his idea and the actuaries idea of fair values differ somewhat.

However, Mr Fowler has warned the acturial profession publicly that if it does not produce a basis acceptable to all, then he will impose his own solution. To date, there is no sign that the committee sitting on the subject is ready to report.

~~YOUR~~ SAVINGS AND INVESTMENTS

Clive Wolman finds that home fires burnt brightest for those who kept their money in the UK

Britain takes stock and beats the world



THE BEST place to have invested your money in 1984 was back at home in the strike-bound, high-unemployment, low-productivity UK.

Those who sent off their money to more exotic climes may not have done disastrously compared with their stick-at-home counterparts but, in nearly all cases, they would have been saved by only one factor: The slump in the pound against international currencies.

The U.S. stock market over the year made only a tiny advance, which was overshadowed by the more spectacular ups and downs on the way. But, as far as the dollar was concerned there was movement in one direction only, except for a brief spell last February. Unfortunately for UK investors, that spell was sufficient to make many fund managers so nervous that they then nullified much of the subsequent rise of the dollar by hedging against it.

Partly for this reason, and partly because of the decline in U.S. smaller companies, many American funds rose very little in value during 1984, or even fell. But don't be too quick to draw unpleasant conclusions about your manager. Hardly anyone has been able to forecast currency movements.

More useful would be the publication of unit trust performance figures in dollar terms so that investors could assess their manager's stock market performance in isolation. So far, no such figures are available.

The Japanese stock market rose much more strongly but all save one of the fund managers performed very poorly against it (see adjacent article). Once again, however, a rising yen came to the rescue.

The only stock markets to have out-performed the UK were in Hong Kong, where the fluctuations in share prices have frightened away most people over the past three years, and a few relatively tiny European markets.

The tables of the top 10 performing unit trusts and investment trusts shows a high representation of UK-invested funds, including funds with a rather stodgy, low-risk image. In fact, the two best-performing UK unit trusts, Manulife High Income and Oppenheimer Income and Growth, have the objective of investing in high-yielding stocks with the aim of achieving a high income rather than capital gain.

But with UK company dividends increasing by 15 per cent for the 1983 financial year, and expected to increase by a further 15 per cent for 1984, it was possible to achieve both a high income and high capital gain.

According to Kenneth Inglis, UK equity analyst at London stockbrokers Phillips and Drew, the prolonged upturn in the economic cycle in 1984 led to a revision of the prospects for many of the highest-yielding stocks. In addition, companies vulnerable to take-over bids also were obliged to increase their dividends. "They had to look at their strongest to avoid the knock on the door at the middle of the night," says Inglis.

Peter Edwards, of Premier Unit Trust Brokers in Bristol, believes that, in 1985, UK income funds will continue to do well because of the large number of attractive high-yielding stocks he believes still are around. "An income fund manager makes himself sell out and take profits when the price rises and the yield becomes too low," he says. "I think that discipline is a good one."

The top-performing fund, Manulife Income, surged ahead only in the last few weeks of the year. Although the subsidiary of a large insurance company it remains a very small fund and has been going for only 16 months. So it would be dangerous to draw any conclusions yet about its long-term performance potential.

The Oppenheimer Income and Growth trust is also a newcomer having come under its present management only two year ago. But the fund managers have already established a go-getting reputation. "They are agressive and hungry like many of the best-established managers today were 10 years ago," says Jamie Berry of Berry Asset Management.

Among the longer-established funds, M & G Midland—which for long concentrated on UK blue-chip companies and engaged in little active trading—put in a strong performance for the second successive year.

All in all, only 79 of the nearly 700 trusts monitored achieved higher returns than the FT-Actuaries All Share index, the benchmark for UK fund managers. And only 10 of these 79 were overseas trusts.

In the investment trust sector, the pattern of poor performance is even more striking. The funds' average return on their assets in 1984 was only 21.5 per cent, compared with 31.5 per cent on the index. Of the funds in the top 10, shown in the table in terms of total return, five had a heavy weighting in Japan and five were invested almost entirely in the UK.

In terms of share price, investment trust performance has been more disappointing. The share price of those funds investing in Japan, particularly, has risen more slowly than the rise in net asset value.

But before you complain too strongly about your UK fund manager, you should take a look at the performance of the international funds managed offshore. The adjacent table of the top 10 performing offshore funds is based on statistics compiled by Lipper Analytical Services, Inc., of New York. The figures are quoted only in terms of the local currencies. For four of the 10 funds, conversion back into sterling would have meant a substantially-increased gain for UK investors.

The most successful foreign manager appears to have been the Union Bank of Switzerland, which recently has announced it is to take a stake in Phillips and Drew. It has three funds in the top 10, out of 332 international funds surveyed outside the U.S. and UK.

You should note, however, that two of the three funds are in Spain and Italy, tiny, highly-specialised stock markets which shot up during 1984. The performance of the third is more remarkable as it is a bond fund. It benefited from the strong rise in the U.S. dollar against the Swiss franc, but also from active trading.

Nevertheless, overall, only 5 per cent of the offshore funds surveyed were able to beat our own All Share index.

TOP 10 PERFORMING INVESTMENT TRUSTS—1984

	Total return (net income reinvested) %
Baillie Gifford Japan	40.3
Lowland	35.8
TR Pacific Basin	33.2
Fleming Enterprise	33.0
New Tokyo	31.3
Ailsa	30.4
GT Japan	30.1
N. British Canadian	29.4
Temple Bar	28.7
TR City of London	28.5

Source: Wood Mackenzie

TOP 10 PERFORMING OFFSHORE FUNDS—1984

Fund and manager	Currency	Invest. area	Objective	Asset	Net assets	Total return (in local-currency) 1984 %	1983 %
1 Espac—Union Bank of Switzerland	SF	SP	GI	EQ	51.5	57.0	6.6
2 Schroder Hong Kong	HK	HK	CA	EQ	0.1	41.3	36.3
3 Henderson Baring Hong Kong	HK	HK	CA	EQ	22.7	38.1	− 6.9
4 Old Court Hong Kong	HK	HK	G	EQ	23.1	37.0	18.1
5 Itac—Union Bank of Switzerland	SF	IT	GI	EQ	12.2	35.7	15.4
6 Dollar-Invest—Union Bk. of Switz.	SF	GL	FI	BD	149.8	32.9	18.2
7 Korea International Trust	KW	KW	G	EQ	24033.5	32.8	10.5
8 Hambro Special Situations	UK	UK	SG	EQ	6.8	32.7	42.1
9 Fidelity American Income Trust	UK	U.S.	GI	EQ	40.4	32.0	36.9
10 Fidelity International Income Tst.	UK	GL	GI	EQ	5.9	31.8	30.1

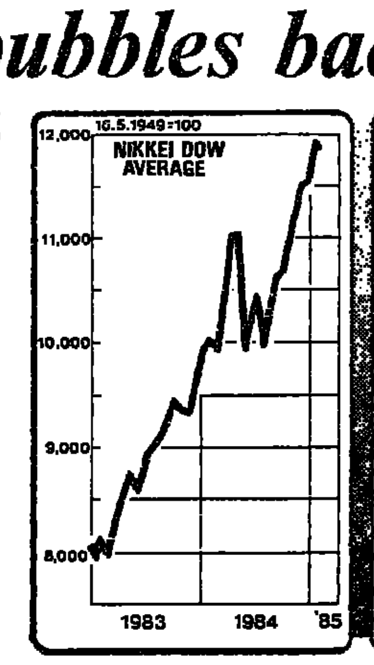
Source: Lipper Analytical Services. SF—Swiss Franc, HK—Hong Kong (dollar), KW—South Korean Won (or South Korea), UK—sterling (or UK), SP—Spain, IT—Italy, GL—global, U.S.—U.S., EQ—equity, BD—bond, GI—growth and income, CA—capital appreciation, G—growth, FI—fixed income, SG—small company.

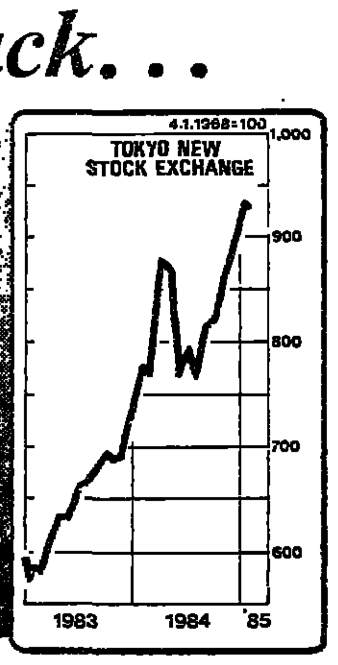
TOP 10 PERFORMING UNIT TRUSTS—1984

	% rise (income reinvested)
Manulife High Income	54.2
Fidelity Japan	50.3
Gartmore Hong Kong	47.4
Oppenheimer Income and Growth	46.3
Key Equity and General	46.1
M & G Midland and General	44.3
Wardley UK	42.8
Govett Japan Growth	42.8
Vanguard Special Sits	41.5
GRE Growth Equity	41.3

Source: Planned Savings. On an offer price basis.

Japan bubbles back...





NOT SINCE the collapse of the South Sea bubble 265 years ago have the British shown such enthusiasm for investing in foreign ventures.

That at least is what the unit trust marketing world was saying just 12 months ago, as investors rushed to pour their money into anything which had Japan on it. The interest had picked up the previous summer, gathered momentum in the autumn and reached its climax during the early months of 1984, as share prices surged and the Nikkei-Dow Jones Index passed through 10,000 for the first time.

In that period, 17 new Japanese unit trusts were launched, doubling the total number, and another seven were launched to invest in Japan and other Far Eastern countries. Last January, Framlington's Japan and General trust attracted more than £20m even before the launch, beating the previous unit trust record.

Even more remarkable were the events in the investment trust sector where share prices for the last 11 years have been languishing as discounts of more than 20 per cent to their net asset value. Suddenly a few trusts were to be found whose shares were trading at prices above the value of their assets. GT had one trust on a premium of 15 per cent. The only reason for their new-found popularity was the realisation that they were investing in Japan.

All in all, small, private British investors are estimated to have paid nearly £400m in that period for a stake in some Japanese fund or other.

Then the stock market slumped. The Nikkei-Dow Jones index fell from 11,190 in May to just above 9,600 in mid-July. What was worse was that the UK unit trusts and investment trusts which, over the previous 10 years had almost consistently achieved higher returns than the stock market index were now under-performing it, by more than 10 per cent in some cases. Several funds missed out on most of the rise and then took the fall squarely on the chin.

The tale has, however, had a happier sequel than the collapse of the South Sea bubble. Since July the market has been climbing steadily. Over the 12 months of 1984, the stock market index rose by 23 per cent in Yen or 44 per cent in sterling. Investors in only one of the Japanese unit trusts lost any capital last year.

Interestingly, however, that one Japanese unit trust, Atlanta Japan and Far East, is the only UK trust in which a Japanese securities house participated in the management. An article on these pages 13 months ago, "A cold wind from Tokyo," warned that the securities house, Daiwa, like most other Japanese securities houses, has had a particularly poor performance in managing funds for its customers back home. Daiwa was in fact sacked as the manager in July since when the Atlanta fund's performance has picked up a little. The second fund to be managed by a Japanese house, the Providence Capitol Japan Growth unit-linked fund managed by Nomura, performed slightly more respectably in 1984 achieving a return of 11.6 per cent.

Not that the UK-managed funds investing in Japan have had much to be proud of over the last year in terms of their investment performance. Only one unit trust, Fidelity Japan, actually managed to beat the index, the broadest measure of the fortunes of the Japanese market, when translated into sterling terms.

Most of the others under-performed by a large margin. Fortunately, the general rise in the stock market compounded by the equally powerful rise in the Yen against the pound has shielded most investors from the normal consequences of such under-performance.

It would normally be unfair to complain about a group of fund managers on the basis of one year's performance. But some of the problems the British fund managers had in the Japanese market last year indicate future dangers when investors may not have the cushion of a general stock market and currency rise.

The main cause of the failure of the UK funds to match the stock market's average return has been the upsurge in the share prices of Japan's banks. Many banks, after holding down their sharep rices artificially for many years so that they were all traded in the same price range, allowed their shares to more than double in value from January-March 1984. But foreign investors have never been able to buy major stakes in the financial institutions which now account for nearly 25 per cent of the value of the stock market, so they missed their share of the profits.

The rise in bank share prices, however, reflects the increasing liberalisation of the Japanese financial system. In the longer term this will make the stock market more competitive so that it will be more difficult for foreign fund managers to pick up easy profits as they have over the past 10 to 15 years.

There is, however, no single strategy for success in the Japanese stock market as the stance of the two best-performing funds demonstrates.

Fidelity Japan, which since it was launched in 1981 has produced the highest returns of virtually all UK unit trusts over one and three years, is the only fund to be managed exclusively by Japanese in Tokyo. The 11 fund managers and analysts have been trained in Fidelity offices around the globe.

According to Yasuo Kuramoto, who heads the team, they rely very little on the research reports of the Japanese brokers and insist on following closely about 350 companies often with the help of visits. But although they emphasise fundamental company research, they also seek to beat the Japanese investors at their own game, switching nimbly from sector to sector in anticipation of changes in fashion.

Over the course of the last year, the fund was heavily committedt o pharmaceuticals, the construction industry and even the financial sector at various times. Such a strategy is inevitably risky and over the last three months, the fund has performed poorly. Over the three-year period, the fund's strong performance probably reflects an element of luck. The investment returns from Fidelity's other Japanese funds, for non-UK investors, have been less spectacular although still sound.

The second best-performing Japanese fund has been Baillie Gifford Japan, the top-performing investment trust in 1984. It achieved a growth in its asset value of 43 per cent in the year, although the share price, which unlike a unit trust is not directly related to the asset value, rose by only 31.8 per cent.

This lack of a direct link with underlying investment values means that investment trust share prices are usually more volatile than the prices of holdings in unit trusts.

Baillie Gifford missed out on the bom in bank shares which, they say, was inevitable as their main objective is to invest in smaller companies, particularly those quoted on the second section of the stock market.

In contrast to Fidelity, the fund managers operate from an Edinburgh office although they travel to visit about 100 companies a year. Removed from the rumours and hot tips of Tokyo, they focus on making long-term investments based on the fundamentals. The trust's turnover last year was only 40 per cent, which is very low for a Japanese fund. This means they have to be choosy—there are only about 40 companeis in the portfolio.

Clive Wolman

LEADING JAPAN ESE UNIT TRUSTS

	Launch date	Fund size £m	The value today (at offer price) of £1,000 invested, net inc. reinvested: 7 yrs. £	5 yrs. £	3 yrs. £	2 yrs. £	1 yr. £	Dividends yield %
Abbey Japan Trust	5/82	67.2	—	—	—	2,631	1,367	—
Allied Japan	1/81	115.7	—	—	—	2,631	1,367	—
EFM Tokyo	6/78	60.3	—	5,634	2,600	2,146	1,193	0.2
Fidelity Japan	10/81	82.0	—	—	3,346	2,753	1,503	—
Gartmore Japan	11/80	50.4	—	—	2,111	1,911	1,159	0.2
Govett Japan	7/83	5.9	—	—	—	—	1,428	0.2
GT Japan and General	12/73	88.5	5,752	4,186	2,323	2,005	1,277	0.2
Henderson Japan	10/73	110.5	5,224	4,434	2,233	1,939	1,179	0.3
Henderson Japan Special Situations	1/83	51.4	—	—	—	—	1,194	—
Hill Samuel Japan Technology	11/83	13.9	—	—	—	—	1,238	0.5
M and G Japan	5/71	71.7	4,189	3,712	2,373	2,201	1,308	0.2
Mercury Japan	5/83	28.1	—	—	—	—	1,283	0.2
Midland Bank Japan and Pacific	11/78	15.9	—	4,715	2,151	2,090	1,260	0.3
S and P Japan Growth	4/70	81.8	3,705	3,866	2,061	1,787	1,176	0.1
S and P Japan Smaller Companies	6/83	26.7	—	—	—	—	1,382	0.1
Schroder Jaoanese Smaller Companies	1/84	23.7	—	—	—	—	1,302	0.1
Schroder Tokyo	2/81	21.8	—	—	2,135	1,812	1,144	0.2
Stewart Japan	2/83	1.6	—	—	—	—	1,279	0.1
Target Japan	12/82	11.6	—	—	—	2,054	1,224	0.1
Wardley Japan	10/82	12.5	—	—	—	2,290	1,307	0.2
Average	—		4,761	4,367	2,352	2,100	1,237	—
Tokyo Ordinary Share Index	—		2,509	1,987	1,602	1,538	1,248	—

Source: Money Management. Statistics to January 1 1985.

From Emerson to Fitzgerald

BY GEOFFREY MOORE

An American Procession: The Major American Writers from 1830-1930 —the crucial century
by Alfred Kazin. Secker and Warburg, £12.50 (paperback) 405 pages

The hero of Alfred Kazin's latest book is clearly Emerson. Not only does he get two chapters compared to one devoted to Henry James, but he haunts the volume and, through Whitman, gives it its title. Future generations, thought Whitman, would see Emerson as "the actual beginner of the whole procession." Perhaps. But there is another procession which Whitman did not foresee — a line of American writers who do not have the bubbling optimism of Whitman's favourite "philosoph," the "Yea-sayer" extraordinary.

This would have been a more balanced book, for example, if it had given some space to Fenimore Cooper, or for that matter Whittier, Holmes, Lowell and Longfellow, instead of moving on in the inevitable progression through Thoreau, Hawthorne, Poe and Whitman to Dickinson, Twain and James.

A sort of secondary hero is that peculiarly American booby-trap, Henry Adams. Why so many intelligent Americans have felt it necessary to break their heads on this old bore is a great mystery. Richard Blackmur drove himself into the grave over the lack of response in Cambridge to his Adams lectures. Only Eliot, of all the American commentators, had the right idea. "There is nothing to indicate," said Eliot, "that Adams's senses either flowered or fruited; he remains little Paul Dombey asking questions." Just so. But in Kazin he gets a chapter to himself, whereas Eliot has to share a similar space with Pound, as Faulkner does with Dreiser.

Partly because it has an axe to grind and partly because it has been cobbled together from lectures given, and articles published, over the past 20 years, *An American Procession* is highly selective and frequently repetitive. Apart from Whitman and Dickinson, there are no poets — no Robinson, no Frost, no Jeffers, no Marianne Moore, no Cummings, no Hart Crane but, above all, no Williams and no Stevens, arguably the most important American poets of the 20th century. But then, Kazin never did have much insight into poetic sensibility. Pound and Eliot get in because they are of interest to a mind concerned more with literary sociology than with literature as a discipline in itself.

This method worked well in *On Native Grounds*, which cut such a dash in 1942. For a while it seemed as if Kazin, then in his late 20s, might turn out to be the heir to Edmund Wilson. His insights were brilliant and his stand, in those dark days, could not be faulted. His concern, he told us, was with "moral history" and why American writers from Howells and James to Faulkner and Wolfe were "absorbed in every last detail of their American world" and yet at the same time deeply alienated from it — a theme to be repeated by many others in the next 40 years.

Good — but where do we go from there? Kazin went on to *The Inmost Leaf* in 1955, which—like *An American Procession* — considered, among others, Thoreau, Melville, Dreiser, Fitzgerald and Faulkner. Then, in 1973, *Bright Book of Life* treated the American novel from Hemingway to Mailer. Not exactly flops but not Wilsonian bobby-dazzlers either. The insights were still there, the occasional phrase which seemed to illuminate—as, in *An American Procession*, his description of Isabel Archer as "a Katherine Hepburn in her prime." But Kazin's real talent in his later years has been in the field of reminiscence — in *A Walker in the City*, *Starting out in the Thirties*, and *New York Jew*.

A man of letter, shall we say, then, rather than a great critic? Or more accurately, perhaps, a man of biography, so intensely preoccupied is Kazin with the personalities and social interactions of the writers with whom he is dealing. In fact — although, admittedly, it makes for narrative liveliness — he gives the impression of never having learnt that first great credo of the true critic: never to confuse the writer in his life with the writer in his work. "Everything in her life," he says of Emily Dickinson, "is in her poems" — an odd statement from a man of such intelligence.

But let us disregard this. Let us disregard also the bashing of poor Eliot because, while adversely criticising the great god Adams, he dared to steal the idea of "depraved May" from him ("Eliot was apparently a virgin when he married, and his sexual difficulties were a shock to both of them," "the tremulous noncombatant Eliot"). Let us disregard, furthermore, that if Kazin's 19th century has no Longfellow, Whittier or Holmes, his 20th century has no Edith Wharton, Jack London, Upton Sinclair, Sinclair Lewis, Sherwood Anderson or Eugene O'Neill. Let us merely say — and what greater praise can there be?—that, subject-matter aside, Alfred Kazin could easily be mistaken for an Englishman, so opinionated, dogmatic and altogether provocative is he in his comments. The gulf that divides him from that earnest tribe of PhD scribblers who clutter the American presses is so great that, in his old age, he ought to come over and join us. Not that he ever would of course, because he is in his element in the invigorating cut-and-thrust atmosphere of that New York world in which he has spent all his life.


Emerson lecturing in London

Mother tongue as she is spoke

BY A. L. ROWSE

The English Language
by Robert Burchfield. Oxford University Press, £9.50. 194 pages

I find this book utterly fascinating. Rarely have I enjoyed more a learned work from which I have gathered so much. Mr Burchfield has an irresistible combination of common sense, with which to make a complex subject appealing and reduce it to simplicity, with a lively sense of humour — he can even make an intelligible *joke in the original Anglo-Saxon*.

Moreover, the subject is one of the greatest importance: English has become a lingua franca rating a greater world spread than any other language in recorded history. In virtually every country in the world foreigners are learning English to enable them to speak across frontiers in a language most likely to be understood by others.

The consequences are universal: we who stay at home in the original island can scarcely appreciate how staggering they are — various forms of the language springing up everywhere. Of these the most important and creative are (a) the American, (b) the Australian.

All this is a matter for pride, for it is certainly a marvellous achievement, but it is more important to understand the phenomenon. "Of all the main languages of the world none is more widely disseminated and more subtly sliced and severed than English, and all within the space of only 1,500 years." (Chinese must have had a much longer time-span.)

As for the literature, Mr Burchfield says, "As a source of intellectual power and entertainment the whole range of prose writing in English is probably unequalled anywhere in the world." To this we must add the poetry, and take into consideration all the streams contributing to the mighty river from America, Australasia, South Africa, India, the West Indies, etc.

Mr Burchfield is well qualified to take this wider perspective. as a New Zealander who has worked for many years on the great *New English Dictionary* at Oxford. This magnificent achievement of scholarship was based on the entirely new principle, the historical one of tracing the origin and evolution of words. The derivation almost always gives one the prime clue. As the commonsense philosopher J. L. Austin says: "A word never—well, hardly ever—shakes off its etymology and its formation." So the historical approach is the sensible one: the language has moved and developed along with the basic movements of history and society, geography and ethics—Anglo-Saxon, Norman Conquest, Renaissance expansion, and so on.

Mr Burchfield tells us that, today, "historical grammarians have been driven on to the defensive. In many universities synchronic transformational/generative grammar rules the roost. It remains to be seen whether the complicated new rules can be transmitted to the educated general public." He evidently thinks not. But how, like our time, when intellectuals are engaged in making things more complicated when it is our business to make them simpler and more intelligible.

It is refreshing to hear Mr Burchfield speak out with authority and consequence, where there is so much useless theorising. "The origin of language is unknown and all theories about this problem are spurious." I distrust theorising, whether about history or language, sociology or economics. The sacred name of Wittgenstein is invoked, but I do not genuflect at it.

Of other fashionables dealt with there are the Chomskys: their fundamental weakness lies "in the failure to produce a grammar of English that can be consulted as an aid to the disentangling and ascertainment of the language that lies about us. They have taken the subject beyond the reach of intelligent laymen"—in one word, useless. Mr Burchfield wins our confidence by his commonsense, his realisation that the developments of language are largely "ungovernable" and his trust in the practical intuition of native speakers rather than exotic theorisers too clever by half.

Rather oddly, Mr Burchfield is unexpectedly hard on the new versions of Prayer Book and Bible. He cites Eliot's objection to the modernising of "Neither cast ye your pearls before swine" into "Do not feed your pearls to your pigs." Though engaged in simplifying Shakespeare myself I agree that this version should be more conservative. For contemporary people we simply have to simplify, but the proper principle is merely to remove difficulties. We all know the meaning of "cast" and "swine;" it was unnecessary therefore to change them, and I would suggest more conservatively, "Do not cast your pearls before swine."

Mr Burchfield's authoritative and suggestive book is based on a lifetime's work on the incomparable *New English Dictionary* — apparently no other language has quite such a work. After deriving so much pleasure, and learning so much, from this book I should like to read similar treatments of (a) Russian, (b) Chinese. I'll bet they don't exist.


Samuel Goldwyn—how many of his sayings were by him?

Goldwynisms

Competition Report by ANTHONY CURTIS, Literary Editor

"Goldwynisms! Most of them are so dumb they leave me speechless. I promote the lot of you to the bottom of the class . . ." as the man himself might have said. Actually the task of coining new Goldwynisms, the theme of our Literary Competition (FT, December 22), proved to be rather more difficult than it looked. As I see it, a Goldwynism is a statement which, while containing a flat contradiction in logic, makes a strong appeal to common sense. In this it differs from a malapropism ("He is the very pine-apple of politeness!") where the key-word has been replaced by one which sounds similar but means something quite different. This was a point which some postcards, out of a gratifyingly large entry, did not fully comprehend.

Goldwyn's celebrated howlers, collected in Patrick Hughes' *More on Oxymoron* (Cape, £7.95), were as much a part of a now vanished Hollywood as were Wilde's epigrams of *fin de siècle* London, and I am grateful to several readers for personal memories. They point out, as Mr Hughes does, that even the earliest Goldwynisms were not all the work of the master. They were, writes Lawrence P. Bachmann, "manufactured to afford the maximum free publicity—just as was done with Henry Ford—by clever publicists. Among the most brilliant was Goldwyn's early publicity director, Howard Deitz." Mr Bachmann also provides a glimpse of Goldwyn's everyday manner, confronting one Wallace Smith whom he had hired to write screen-plays:

"What are you doing?" he asked.

"Thinking," replied Smith.

"Don't waste your time thinking," Goldwyn said, "Just write."

Before Smith could recover, Goldwyn entered the office, picked up a new pencil, ran his finger to within an inch of the end, and said, "When I come back, the pencil should be up to here."

Another reader, Stefan Power, supplied two vintage Goldwyn sayings I had not heard before. "I have every reason to believe," he writes, "they are absolute originals as recounted to me by my father who got them from his brother who was with Goldwyn in the early days." They are: "One man's meat is another man's meat"; and "Remember, I do things my way." And my Power adds: "I understand that contrary to popular belief, G was an exceptionally witty man with a good command of English."

But now I must turn to the neo-Goldwynisms inspired by the competition. Sometimes real life provides one, as it did to Alan Fisk when he was walking along Regent's Street: "Yes, that was the best thing he could do, but he couldn't do it." The first prize of £50 is won by Harry Cohen-Spearing, The Garage House, Willand, Devon, EX15 2RQ for — *Metrication is making its way, inch by inch*.

The three other readers who are quoted above will receive copies of *More on Oxymoron* as will the following, who are all runners-up: *We sent him to Coventry in Malibu* (V. N Petty); *The bits I couldn't understand were an education* (Mrs J. Richards); *My daily comes in three times a week* (Miss Vivienne Painting); *could sense my inertia breaking through* (I. D. Tunks); *The whole panoramic needs limiting to a narrow field* (J. Patterson). *She's going through a female version of the male menopause* (Gilbert Adair); *In this business the front office is right behind you* (Peter Young). *Suicide is a start* (George Wightman); *That sort of double entendre means only one thing* (G. J. Hamilton); *Port's not really my cup of tea* (John London); *If Arthur weren't striking he would only be making a nuisance of himself* (T. E. W. Widdows).

I am sorry if your entry did not win a prize but here is a quickie to end with — What did William Shakespeare and Samuel Goldwyn have in common?

If you said they were both great showmen — one point; if you added, who took a large slice of the equity unto themselves — another two points; for a further ten points I wanted you to say that both were the sons of glove-manufacturers.

Fiction

Making it at the Ministry

BY NICHOLAS BEST

Star Turn
by Nigel Williams. Faber, £9.95. 314 pages

The Duchess's Diary
by Robin Chapman. Faber, £8.95 (£2.95 paperback). 127 pages

Slow Fade
by Rudolph Wurlitzer. Picador, £7.50 (£2.50 paperback). 211 pages

Made for Each Other
by Virginia Ironside. Hamish Hamilton, £7.95. 156 pages

Amos Barking, the narrator of Nigel Williams's *Star Turn*, is an incorrigible liar, so it seems only sensible that he should do his bit during the Second World War as a press officer at the Ministry of Information. In between discussions with Churchill (if he is to be believed) and bombing runs over Dresden, he has plenty of time to sit back and write his autobiography — the life and improbable times of an East End kid made good.

So good that they know him at the Ministry as Henry Swansea, a public school sort of chap, worlds away from the *scrawny* eight-year-old who attended nature class with D. H. Lawrence and later stowed away with his Jewish friend Zak in a basket of exotic underwear destined for Field Marshal Haig in France.

Worlds away too from the young man who beat off the libidinous advances of Proust's chauffeur, flirted politically with Palme Dutt, visited Freud in Vienna, knew the secret of Ramsay MacDonald in women's clothes and, sensible fellow, hit Virginia Woolf — hard.

An eventful life, not entirely convincing, not meant to be either. Nigel Williams is a clever writer, best known recently for his television series *Charlie* and *Johnny Jarvis*. In *Star Turn* he has written a peculiar book, difficult to get to grips with, partly at least because it falls between several different stools. It is neither satire, nor farce, nor historical novel, nor anti-war polemic, although it is all of these at times. The author seems uncertain of what he is trying to do, too close to his material perhaps to get the overall picture.

No problem getting the picture with Robin Chapman's *The Duchess's Diary*, a historical novel of sorts, but far more intelligent than most. First published five years ago, reissued now with minor alterations, it tells the story of a mad noblewoman in 17th-century Spain who is convinced that she is the model for the Duchess in Part Two of Cervantes' *Don Quixote*.

There are certainly minor similarities between herself and the character in the book, and it is true that Cervantes was the Duchess's house guest for three *months while writing it, but was* he really "kind to her in person, vile in ink," as she alleges? And is her husband truly justified in locking her away first in a hunting box, then in a nunnery, and seeing to it that she is regularly purged by the doctor and whipped by the chaplain?

In fact the answer does not matter, for this is not so much a literary detective story as a loving recreation of Cervantes and his world, a world the author knows almost as well as man living. *The Duchess's Diary* falters slightly towards the end—the plot is too slender for the narrative—yet comes across all the same with imagination and flair.

Rudolph Wurlitzer's *Slow Fade* is a novel about Hollywood people, set on location rather than in the snakepits of Beverly Hills. The slowly fading director of the title is Wesley Hardin, a Western specialist whose work used to be up there with the best of them, but who has been sacked from his latest production because he is over budget and personally no longer in control.

Both his children have dropped out of the Hollywood scene and gone to India to enjoy the simple life. Walker Hardin returns, unwilling to talk about the disappearance on the hippy trail of his sister Clementine. As an oblique way of getting at the truth, father commissions son to write a screenplay about his Indian experiences — a commission Walker undertakes in partnership with a rockabilly drifter to whom he owes a favour, the drifter having lost an eye to an Indian arrow which had *accidentally* strayed from the set.

As Hollywood novels go, *Slow Fade* has a more original plot than most. The author is himself a screenwriter and clearly knows his stuff. But the storyline does not hang together as well as it might. Two parallel themes proceed in tandem without ever touching and without coming together at the end in any meaningful way. This is a nice try, good in parts, yet not quite sharp enough to be the real thing.


Nigel Williams: script-writer's fantasy hero

Virginia Ironside, author of *Made for Each Other*, is an agony aunt on *Woman* magazine, an occupation she has clearly allowed to spill over into her fiction. Viola is the somewhat vapid heroine. The day after her mother dies, she meets balding Jan in a bank and *allows him to pick her up*. They go out to supper and compare birthdays. His is in August, hers is in August too. Their knees touch on page 28, everything else on page 31.

Jan, it transpires, is seeing Another Woman. What a rotter. Viola is shocked, but allows him to go on doing what he likes. Later she puts her foot down. Her or me, she says. Her, he says. "Trivia poured out of my mouth like breakfast cereal out of a packet," she says. She was right.

Architect's full and varied life

BY DOUGLAS JAY

Our Selves Unknown
by Lionel Brett. Victor Gollancz, £12.95. 198 pages

"Autobiography," says Lionel Brett (the present Lord Esher) at the end of this book, "is the art of the half-truth. It cannot for example tell the whole truth about either of the things that matter most—other people and the heart's affections." To tell convincingly the complete truth, private and public, is something few autobiographers have even attempted; and this limited record largely succeeds because the author refrains from attempting it.

Lionel Brett's grandfather was the celebrated, or notorious, Lord Esher of Edwardian days, friend and confidant of Edward VII, George V, Rosebery, Balfour, Asquith, Joe Chamberlain, Lloyd George, Kitchener and Haig; the only man, surely, in English history who flatly declined invitations to be Secretary of State for War, British Ambassador in Paris or Viceroy of India. "Place" he once said, "is not synonymous with power." In the present more inquisitorial age he would have been accused of wielding power without accountability.

The next Lord Esher, Lionel's unambitious father, wit, dilettante and practised committee-man, devoted much of his life to the National Trust, the Society for the Preservation of Ancient Buildings, and the cause of conservation generally.

Lionel Brett himself moved happily through Eton and Oxford in the 1920s and 1930s with mounting academic success. Like so many of that generation, he voted at the Oxford Union in 1933 against fighting for King and Country, ceased to be a pacifist in 1938 and fought through the Normandy campaign and on to the German surrender in 1945. His natural bent was for the art world, partly no doubt thanks to his upbringing, but also because his own ruling passion was for the [illegible] *and furniture and interior decoration*, but mountains, oceans, the night sky and the Chiltern beeches.

His talents were evidently of the descriptive and literary rather than the analytic kind. Philosophy and economics meant little to him: and in politics he was something of an innocent abroad, who (unlike his grandfather) wanted neither place nor power. He even momentarily, when standing as a Liberal candidate for South Oxfordshire in 1945, thought he might win.

There is perhaps a glint now and again in the story of the gilded cage. Not till 1939 did Lionel Brett clearly grasp the folly of appeasement, though he candidly records that in the 1930s "there unquestionably existed a relationship between the cultured aristocracy and the haute bourgeoisie of Munich and Vienna and their opposite numbers in England."

After the war he plunged naturally and wholeheartedly into the world of architecture, town-planning and New Towns, and travelled almost from China to Peru lecturing for the British Council. As an architect and planner, with projects from Hatfield to Corsica and Caracas, he certainly suffered more than his fair share of ill-luck.

Finally to cap it all, he bravely became head of the Royal College of Art in the 1970s — not long before the militant buffoonery of "student revolt" had spread from North America to South Kensington. Like a true English Liberal, he confronted this crazy extremism with sweet reason, and—improbably—after a month or so of anarchy, prevailed.

Most readers will finish his autobiography with the sense that they are being told the truth, even if not the whole truth. They may also surmise that what held so many diverse strands together in so active a life were the presence of the author's family and the high Chiltern beechwoods at Watlington Park.

Crime waves

BY WILLIAM WEAVER

Censor by Martin Russell. Collins, £6.95, 174 pages

A crazed killer, author of anonymous letters, is loose in the entertainment world; and the narrator of the story—editor of a scandal-seeking evening paper—is threatened. There is less fantasy and eccentricity here than in some of Russell's previous novels, but no less imagination.

Penny Dreadful by Susan Moody Macmillan, £7.50. 224 pages

Having invented a heroine named Penny, Susan Moody inevitably had to give a novel this title. But, of course, the black, tall, beautiful, aristocratic Penny is not dreadful at all. Formidable, yes, as malefactors soon discover. In this Old School setting, she encounters a surprising number of bad guys and even endures some physical duress, but she emerges triumphant, having scattered wisecracks along her way like breadcrumbs. The successful second book in what promises to be a notable series.

Murder in the Collective by Barbara Wilson. The Women's Press, £7.50 (paperback £3.50), 181 pages.

A group of feminists, a printing collective, some clandestine Filippinos, various romantic entanglements—largely Lesbian—and all set in Seattle. It does not sound like your ideal recipe for a murder story; but Barbara Wilson writes with flair and feeling. Her attitude towards her characters and towards her story is affectionate, sympathetic, but not sentimental. The mechanics of the plot — which has an unusual number of moving parts — never jam.

New Year Resolution by Alison Cairns. Collins, £6.95, 203 pages.

A large estate has been developed, and a cul-de-sac of small, respectable villas is one result. The former great house is now a home for the elderly. After a first-rate debut (*Strained Relations*), Alison Cairns, in this second novel, again shows remarkable skill at creating an enclosed world, rich in tensions, affections, pasts. The inhabitants of Redland's Way range from nice to nasty, and the author makes each of them, even the least important, distinct, thanks to keen social observation. The nearby Home is a constant reminder of death and dying; still the murders, when they come, are shocking. They are solved, not easily, but intelligently.

Growing up in a trouble-spot

BY ISABEL QUIGLY

The Captain's Paramours
by K. Arnold Price. Hamish Hamilton, £8.95. 192 pages

The Killing of Yesterday's Children
by M. S. Power. Chatto and Windus, £9.95. 265 pages

If ever I read an under-rated writer it is K. Arnold Price, but then she hasn't published much in hard covers to be rateable: a haunting novel called *The New Perspective*, not noticed as much as it deserves, is all I can trace. Yet she isn't a new writer, has been writing, in surprising obscurity, since the 1940s. *The Captain's Paramours* is short stories, but the first half (seven stories) could almost be called a novel, taking seven more or less consecutive moments in a life, with the same place and the same characters throughout.

An Irish boy is narrator, an only child in a sprawling house called Ballygullion House or Quin's Castle, depending. On what? The boy's eye-level, of course, which gradually shifts as he grows older and takes in what's around him: the games adults play, fear, sensuality, hypocrisy, joy and glory, pipes and ballads, beauty in nature, in women, in particular moments.

The second half consists of stories with varying but again Irish backgrounds, mostly rural: the country girl the local lads won't marry, who leaves for London and gets murdered; the secretive girl whose secret is really social difference, so that the other girls don't like her; the man who's never managed to marry and when he wants to finds a frigid girl; the man who, losing the girl he wants (again to England) marries her mother. If marriage forms a central part of most of them part of the world they're set in; and anyway, their point isn't the action but the way they're put across, conceived and expressed.

Original, exact and right, in a still, unexplicit manner, with much implied through what look to be simple means, its quiet, unhurried, easy-looking style reminds me of the paintings and drawings of Gwen John.

Belfast today, thick hatreds impossible to understand because bred from infancy, violence of spirit that can accommodate no decency, human behaviour without what we consider humanity; the clump of bombs, wail of sirens, slamming of vicious doors. Set in all this, with religion made a hideous excuse for viciousness, M. S. Power's *The Killing of Yesterday's Children* is so oddly Greene-like in tone that when he mentions *Brighton Rock* and the Boy it seems almost too obvious.

For there's a boy of sorts in it too, a killer though redeemable, a simple sweet girl who loves him, a background of curious religious rites with a Mexican background, a saintly old sinner called Mr Apple, murder, doom, sexuality, unrequited love and goodness, always a bit simple-minded, and a plain honourable man dishonourably treated by wife and circumstances.

Too much is packed into the space available, the familiar and the exotic are too abruptly combined, the point of this or that image or idea is often pressed too forcefully. Modern reality *can* be the stuff of fiction but it's hard to avoid making spirited journalism out of it. There's talent here too but ill-organised and derivative so far.

The latest volume in the series Writers at Work edited by George Plimpton (Secker and Warburg, £12.50, 414 pages) includes interviews with Rebecca West, Stephen Spender, Tennessee Williams, Bernard Malamud, Kurt Vonnegut Jr and Nadine Gordimer. All the interviews appeared originally in The Paris Review. There is an introduction by Frank

U.S. classics

Many of the authors mentioned by Geoffrey Moore in his review are now available in an attractive new hardback series known as Library of America. Designed on the same lines as the French Pléiade series, these editions prepared by scholars aim to provide the ordinary reader with a readily accessible text in single volumes of the work of the classic authors of American literature.

Volumes so far published include: Hawthorne: The Completed Novels; Hawthorne: Tales and Sketches; Melville: Redburn, White Jacket, Moby Dick; London: Novels and Social Writings; Stowe: Three Novels; Walt Whitman: Poetry and Prose; Henry James: Novels 1871-1880; Crane: Prose and Poetry; Poe: Poetry and Tales; Poe: Essays and Criticism; Emerson: Essays and Lectures; Jefferson: Autobiography.

Each volume costs £17.50; they are all published in the UK by the Cambridge University Press, and may be ordered through bookshops.

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HOW TO SPEND IT

by Lucia van der Post

Are you sitting correctly?

BACK problems have probably been around ever since man first lumbered on to his feet and nobody who has ever suffered back pain needs any convincing that it's a serious matter. Those who have been lucky enough to escape may find it hard to believe that some 30m working days a year are lost through back pain, that it costs the nation over £1,000m a year and that 80 per cent of us are liable to suffer from it at some point in our lives.

Until fairly recently those with intractable and mysterious pain for which there seemed no obvious medical solution had nowhere to look for support except the small ads of magazines and a few shops which stocked a few disparate aids. Last June Lisa Quine, who had suffered for years from back pain, decided to open a shop that would sell under one roof a whole range of equipment that would help alleviate or prevent pain.

She calls her shop The Back Store and it is to be found at 324a, King Street, Hammersmith, London W6. There you can find everything from aids for helping you to pull on tights or socks, head pads and bed elevators, to long-handled household and garden implements that allow these chores to be done without bending over.

In her shop you can browse through the shelves for books on how to cope with back pain, you can buy pillows or lumbar support cushions for the car and, above all, you can take your choice from any number of chairs that the Norwegian manufacturer, Hag, has designed with precisely these problems in mind.

The whole group of chairs goes under the name of Balans. There are a large number of different seats in the range, but together they offer the most comprehensive and serious attempt to deal with the problem radically.

Balans chairs were developed by a group of Norwegian designers who started by observing how children sit at play—usually they sit on their heels, keep their backs straight and their muscles relaxed, the result being a naturally balanced position that is more or less perfect for the spine. Most adults, by contrast, sit in chairs which cause the torso to bend 90 degrees at the hip—the longer we spend doing this, the greater the stress on our lower backs.

The designers of the Balans chair decided that they ought to design chairs which would fit the body and help it to adopt a naturally balanced position. On chairs like the Balans Variable the torso only bends at a natural angle of 60 degrees, thus saving the extra, "unnatural" 30 degree curvature, keeping the spine more or less vertical and keeping pressure off the inner organs.

Just two of the Balans range are shown photographed here—on right—the Mobil and the Vital versions.

Shortly after Lisa Quine opened her shop, John Varley, an osteopath, frustrated by his patients and his own problems in finding suitable products all under one roof, opened The Back Shop at 24, New Cavendish Street, London W1. The shop is staffed by SRNs but, of course, no attempt is made to diagnose back trouble, advice is merely offered on which of the products will help alleviate the pain in a practical way. Like Lisa Quine, John Varley sells a big selection of Balans chairs.

He also sells the Labofa chair, which is really described as a working chair, specially designed for those who have to sit for long hours at desks. It comes in various fabrics, with or without arms but its prime virtues are the variety of position and of support it offers—the height can be adjusted, the back of the seat, too, the back rest can be raised or lowered, the seat has hydraulic springs which compress slightly to give the seat some "give." Prices start at £280.

He, too, sells a range of car seats, lumbar supports, heating pads and ice packs as well as inversion therapy (which sounds very alarming—you are strapped to a device which enables you to hang upside down, but it's alleged to be very therapeutic).

Further comfort for back sufferers comes this month with a new chair made by Parker Care, a subsidiary company of the upholstery manufacturer, Parker Knoll. It is called the Flemming Chair and it gets its name from Flemming Hvidt, a Danish designer, who decided in midlife that he wanted to do more for humanity that his current activities seemed to offer. He turned from design in what he now calls derogatorily "fashion" furniture, to working closely with physiotherapists and geriatricians, to produce the ultimately adjustable and supportive chair.

At this stage Parker Knoll heard about the chair and got the licence to manufacture it in this country, forming a special company, Parker Care, to market it.

The basic concept behind the chair is that every single person is different and that to meet their specific needs a chair should be made to measure. As Parker Care points out, "now many people find themselves saying that their own armchair would be perfect if only . . . the seats were not so deep, if the back were higher or lower . . . if it gave better support" and so on."

The Flemming chair is therefore made to measure. One hundred Parker Care centres have been set up in 100 different furniture shops to cope with the individual attention this requires. At each Centre there is a trained member of staff to assess the needs of the customers and measure them individually using the Parker Care Measuring Chair in the centre. Height and depth of the seat and the angle of the back that the customer requires are all carefully measured and the results passed onto the manufacturing company where the chair is made.

Several extras can also be ordered—things like a padded neck pillow, upholstered arms, adjustable leg rests and so on. Those who have difficulty in getting out of the chair can also have either an adjustable spring or an electric motor added to help them on to their feet.

As you can see from the photograph above left, the chair is not especially glamorous or exciting to look at. It is, however, fairly simple and classic and already the signs are that those who have back problems are so relieved that help is at hand that they would buy it almost whatever it looked like.

The basic price of the chair starts at £220 and anybody wanting to know the name of the nearest Parker Care Centre should write to Ken Mahoney, Parker Care, PO Box 22, Frogmoor, High Wycombe, Bucks.

The Flemming chair by Parker Care, shown in semi-reclining position with matching footstool and optional wings and padded neck pillow, prices from £220

The Balans Vital seat, left, and the Mobil, right, come in a choice of coloured upholstery, from £155 each, from The Back Store

Designers' Choice

A look at some lasting lines

ABOVE: the Deux Chevaux motor car, engineered by Pierre Boulanger, for Citroen first appeared in 1937 and the basic design remains in production to this day. Originally the design was intended only to carry 50 kilograms of luggage and two passengers at 50 kilometres per hour.

RIGHT: the 'Zippo' lighter, designed in 1932 is a refinement of a cheap Austrian product by George Blaisdell, a Pennsylvania oil man. The name reflects Blaisdell's fascination with the then new zip fastener, and 'Zippos' were favourites with American servicemen in the Second World War.

TOP: the traditional Panama hat is an example of vernacular design, evolved over the years. From Herbert Johnson of London. A true Panama can be rolled up to fit into the pocket, unrolled, and worn without any deformation.

ABOVE: the Opinel pocket knife was designed in 1890 by the Savoyard craftsman, Joseph Opinel. First made for personal use, it was so admired that he went into production. The knife is still made to the original design with a simple sliding collar to lock the blade.

ANYBODY with any interest at all in design should make a point of visiting two exhibitions currently on in London. Over at The Boilerhouse, the Conran Foundation's project in the Victoria and Albert Museum, London SW7, we have until February 11 an exhibition confidently called The Good Design Guide. It features what it deems 100 Best Ever Products, all of which are there to be looked over, approved of or wondered at.

Before anybody starts throwing brickbats at Stephen Bayley, director of The Boilerhouse, and quarrelling with what they might take to be his personal taste, I should make it clear that the list was arrived at by dint of a poll of people described as "Britain's leading designers and design experts" and is described as a consensus of contemporary views on the matter.

Of the 100 products on view, some 24 are British, 14 American, 12 Japanese, 10 French, nine German, eight Italian and the remaining 23 are from sources described as "various"—so much for the view that the British understand least about good design.

The products range in date from the 17th century (Wedgwood cup and saucer in the "Bute" shape) to at least 12 products that first appeared in 1984. Along the way it takes in such classics as a Herbert Johnson Panama hat and an L. L. Bean cotton Oxford shirt.

Some of my own favourites are undoubtedly not there (why no Kelim, surely one of the most enduring of pleasing artefacts ever made, why no Shaker furniture, no Thonet bentwood chair—indeed why so little furniture at all?) but at least the exhibition makes one stop and think and, above all, look.

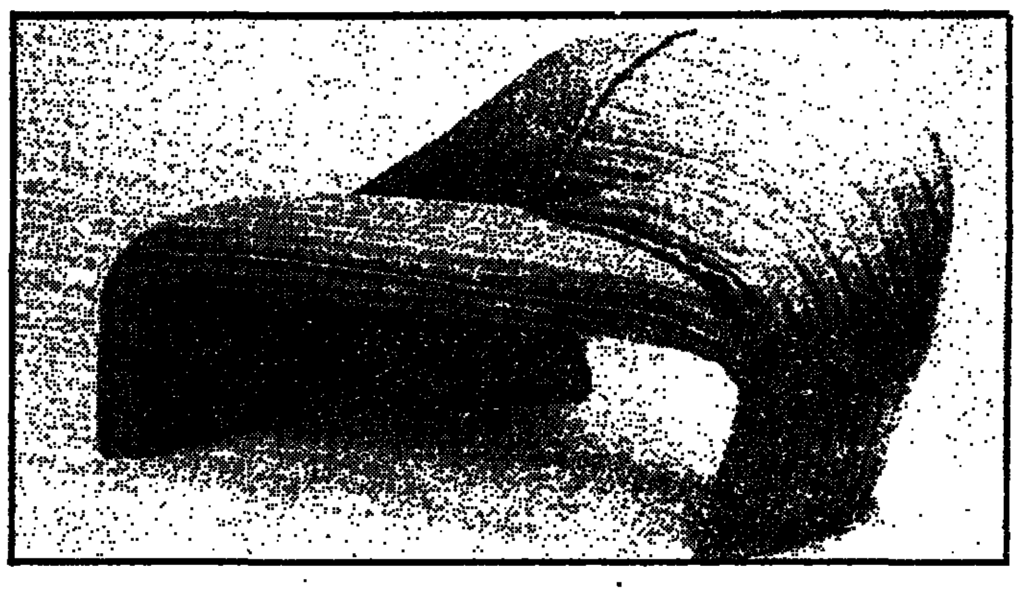
For those who are interested in what Britain in particular has been up to recently, Design Review '85 at The Design Centre at 28 Haymarket, London SW1 features some 1,500 products that were agreed by the selection panels to have the sort of intrinsic qualities that warranted them being allowed to sport the Design Centre label.

It makes an interesting cross-section (not least, as the press release points out, because of the omissions—where are the British microwave ovens, the coffee machines, the luggage and the sports equipment?).

One of the most visually exciting of the products was the Brenda Saunders upholstery developed for the "Soft Centres in Wool" venture that I mentioned a few weeks back. See her dramatic chaise-longue photographed above. There are also two chairs in the same style, which cost £295 each and are available like the chaise longue direct from the manufacturer, Connaught Furniture in Cheshire.

Exciting, too, to see Britain enter the ski manufacturing market—Vielhaber Skis are made in Aviemore and word has it that at least two world-class skiers (Craig Clow, 1984 freestyle world champion and Mike Whealey, 1984 freestyle European champion) are so impressed with them that they have been using them for the last two years. The range costs from £169 to £285 and can be found in leading ski shops in major towns. You have until Saturday.

February 23 to see this exhibition and after that it goes to The Scottish Design Centre, 72 St Vincent Street, Glasgow, March 19 until April 13.



ABOVE: 'Joseph' chaiselongue designed by Brenda Saunders and manufactured by Connaught Furniture, First Avenue, Weston Road, Crewe, Cheshire. Available in a choice of colourways—grey and pink or grey and turquoise, £495.

BRIDGE

E. P. C. COTTER

THE FINESSE can be a very present help in trouble, but the declarer must be alive to what is the right finesse and take it at the right time. Let us look first at Hand 1 from a teams-of-four match.

South dealt at game to North-South, and bid one spade. North forced with three diamonds, and raised the opener's rebid of three spades to four spades. South now made an intelligent bid of five clubs, which encouraged North to bid six spades.

West led the heart Knave, won with dummy's Queen, and trumps were drawn with Ace, King and Knave. Now a club was led from the table, and the Queen was finessed. This lost to the King and, with no way of avoiding another clubs loser, the declarer went down.

In the other rom South also reached the spade slam, and the first four tricks were the same. But this declarer, instead of being hypnotised by the direct finesse in clubs, saw that another finesse, an indirect finesse, was possible in diamonds.

At the fifth trick he led a low diamond from dummy; East won with the Queen, and switched to a club, but the declarer took with his Ace, cashed the diamond Knave, crossed to the table with a heart, and discarded his two club losers on the Ace and King of diamonds.

An indirect finesse must, of course, be tried before the direct finesse. It gives the declarer two chances instead of one, and it costs nothing. If the diamond Knave loses to West, the club finesse can be tried later. If it wins, the contract will be made, because the six of clubs is thrown on the diamond honour.

We turn to rubber bridge, see Hand 2

North dealt with East-West vulnerable and, after two passes, South opened the bidding with one heart. North raised to three hearts, and the opener went to four.

West led the spade ten. East cashed Queen and Ace, and the King was ruffed in hand. After drawing trumps with Ace and King, the declarer led his diamond Knave and ran it. East won with the King and returned a diamond to the Queen. South cashed dummy's club King, led a low club, finessing the Knave, and lost to the Queen. That was one down.

The declarer played without understanding. East, who had passed second in hand, had shown up with Ace, King, Queen of spades and the diamond King—how was it possible for him to hold the Queen of clubs? At trick eight, after winning East's diamond return, South should cross to hand with a trump, and lead the Knave of clubs. He knows that West must hold the Queen, so he plays East for the ten. West covers the Knave, the King wins, and then the nine in hand is finessed. Contract made.

This is called the Backward Finesse—a finesse which occurs more frequently in defence. Defenders can spot the need for this finesse more readily than a declarer.

Hand 1

	N	
	♠ J 7 6	
	♡ A K Q	
	♢ A K 8 7	
	♣ 9 4 2	
W		E
♠ 9 3 2		♠ 8 4
♡ J 10 9 8		♡ 6 5 2
♢ 10 5 2		♢ Q 9 6 3
♣ K 10 5		♣ J 8 7 3
	S	
	♠ A K Q 10 5	
	♡ 8 7 4	
	♢ J 4	
	♣ A Q 6	

Hand 2

	N	
	♠ 7 6 2	
	♡ J 9 8 4	
	♢ A Q 7	
	♣ K 5 2	
W		E
♠ 10 9 8 5 4		♠ A K Q
♡ 7 3		♡ 5 2
♢ 8 5 3		♢ K 9 6 4
♣ Q 8 7		♣ 10 6 4 3
	S	
	♠ J 3	
	♡ A K Q 10 6	
	♢ J 10 2	
	♣ A J 9	

CHESS

LEONARD BARDEN

ANATOLY KARPOV'S achievement in taming the brilliant Kasparov in the world title match has been blemished by his inability to finish the series after going 4-0 up early on, then 5-0 by mid-November. Karpov always has had a mixed image in Western countries, mainly because his cool, rational and dessicated personality lacks the charisma and unpredictability of other household names like Fischer, Spassky and Korchnoi.

Both our leading chess publishers, Batsford and Pergamon, have just issued new Karpov books authored by the great Russian and concentrating on his recent career. Chess at the Top (Pergamon, 194 pages, £5.95) is a collection of 50 of the champion's games from the years 1979-84, annotated deeply by Karpov and including all 18 of the 1981 Korchnoi match.

Learn from Your Defeats (Batsford, 106 pages, £5.95) has an unusual approach. It gives all Karpov's 32 losses since becoming world champion in 1975, and the corresponding game where the winning opponent was defeated later. As usual, the statistics are impressive: Karpov has avenged 28 of the defeats, and he has yet to meet the other four opponents again.

Losses are such rare episodes in the Karpov lifestyle that it is entirely plausible that they motivate a burning desire to level the scores. Karpov's tournament record, displayed in the Batsford volume, reveals the striking fact that since 1966 (aged 15) he has never lost more than six games in any calendar year. His grand total of losses in these 18 years is 60 games out of 1,005, a mere 6 per cent. Thus the philosophy of Learn from Your Defeats compares with Capablanca's My Chess Career, where he also analysed his entire lifetime defeats to date.

Karpov says: "How do I relate to these losses? Calmly. I try to understand all the subtle causes of the defeat and strive for revenge." A significant case is his famous 1 P-K4, P-QR3 loss to Tony Miles at the 1980 European team championship.

Karpov heads the game "Incorrect Opening" and notes that, after it, "many people thought they could beat me if they adopted an 'original' opening strategy . . . in my next seven games with Miles, the British GM also tried to undermine the centre from the flank, but he only managed to achieve a single half-point."

Although in terms of pence per page the Batsford production is only half the value of its rival, the material is presented in a more interesting way. Both books are weak on revelations about Karpov the man—you could not guess that the world champion was married and divorced during the years covered. Either he clams up to an unacceptable extent for volumes with an autobiographical slant, or he really is a cold fish.

During the Merano commentaries in the Pergamon edition, he refers to "Korchnoi's tactless behaviour . . . enough to upset anyone . . . perhaps after Merano it will be understood why certain GMs (including myself) avoid playing in the same tournaments as Korchnoi." This sentence is printed almost a year after the Karpov-Korchnoi handshake at the start of their game at Phillips and Drew/GLC 1984.

But despite any weaknesses, both new Karpov books merit a place in every serious player's library. The champion's game does not quite have the limpid clarity of Casablanca, but it still is based on the classical harmony of forces and directing operations from a sound central base, the most valuable style to take as a model.

Karpov knows his chosen openings in great depth and can utilise earlier experiences to focus on a decisive improvement: See as examples his televised wins over Seirawan and Rogers analysed in the Pergamon book. In a significant phrase, he attributes his poor run against Korchnoi near the end of the 1978 match to overconfidence, not fatigue: "I'll never make that mistake again." Probably, we have seen the aftermath of Korchnoi's 1978 recovery in Karpov's minimal-risk approach at the 1984-85 series in Moscow.

POSITION No. 552

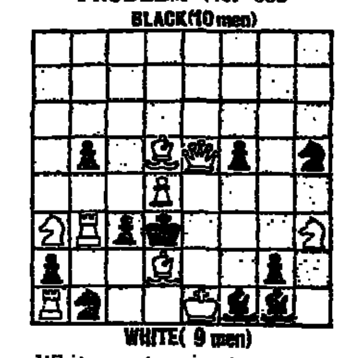
BLACK (5 men)

WHITE (5 men)

McNab (Scotland) v Timman (Netherlands), Salonica 1984. An apparently level rook endgame, which seemed even more drawn after the natural moves 1 K-B3, K-B2. What did the players miss?

PROBLEM No. 552

BLACK (10 men)



WHITE (9 men)

White mates in two moves against any defence (by J. Haring, 1977). This problem was a prize competition during the Tilburg grandmaster tournament. Some 800 solvers sent in answers, 350 were wrong.

Solutions, Page 22

House under offer, subject to dither

BY JUNE FIELD

THE SAD tale of Arundells in the West Walk of Salisbury's historic cathedral close highlights the unsatisfactory subject-to-contract system of selling property badly in ned of reform.

David Booth-Jones's late mother's home was for sale in July, offered for in August, the sale fell through in December and the housce is now on the market again.

Why do agents and vendors hold on so long before taking any action? "Quite simply because if one is offered a good price one wants to give a prospective buyer every chance to go ahead," says Christopher Lacy of Savills, Salisbury, who is handling this property.

How can keeping a place off the market for four months be considered good business? Surely it is both reasonable and necessary for vendors to chivvy up their agent and solicitor to make sure that a deal is progressing satisfactorily. I would issue an ultimatum biving a deadline-date by which contracts must be exchanged. After all these are the people that are acting for you, and whom you will be paying for their services. And as far as the solicitors are concerned, they will undoubtedly be charging something for their abortive work.

Fortunately there is considerable interest again in Arundells, a listed Grade II four-bedroom, three-bathroom house in a secluded setting among other venerable dwellings where canons, choristers and chantry chaplains used to live. (The peaceful privileged *ambience* is apparent as soon as one drives through the close gates *which are ocked at 11 pm by* the Cose Constabe. Residents have their own keys.)

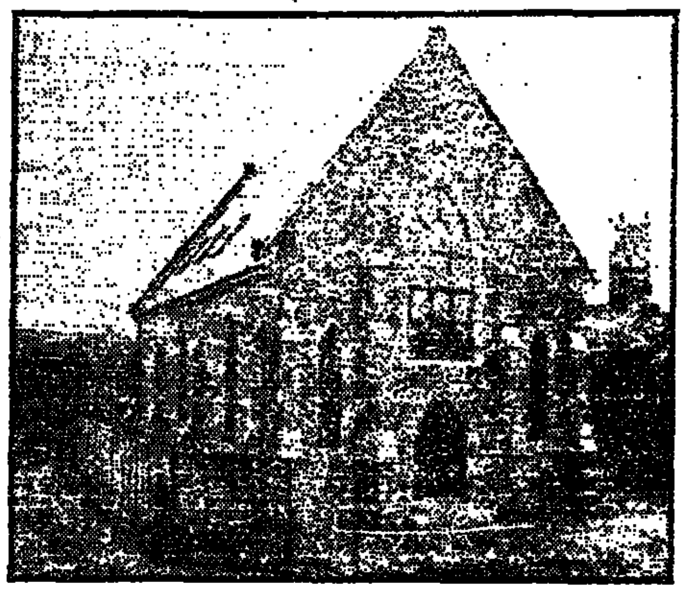
Arundes originated from the Middle Ages, but was largely rebuilt in the 17th century by Sir Thomas Mompesson. It gos its name in 1759 when it was leased to the Hon. John Everard Arundell who married Ann the daughter of the previous lessec, John Wyndham.

The house was extensively renovated in 1964, when a large Victorian drawing-room was demolished. The base forms a terrace, from which I walked out from to the gardens that go down to the River Avon, where one can fish from the bank. Out of the front windows the views of the 404 ft cathedral spire, the tallest in England, are awe-inspiring.

The guide price is £250,000 for a new 60-year full repairing lease from the Dean and Chapter of the Cathedral Church of the Blessed Virgin Mary of Salisbury, the full title of the majestic cathedral built 1220-1258 in Chilmark stone and Purbeck marble.

As an alternative, Mr Booth-Jones is prepared to offer the residue of the existing lease, 10 years, on a guide price of £90,000. This would obviously entail less of a capital outlay, but the new lessee would have to do his own negotiating for a longer lease.

Arundells, in The Cathedral Close, Salisbury, on the market again through Christopher Lacey, Savills, 60 Milford Street, Salisbury, Wiltshire (0722 20422)



Victorian Congregational chapel, Ugborough, near Ivybridge, Devon, has been converted into two houses. The first three-bedroom unit to be ready is *£50,000 through Simon de Boinville*, Cluttons (01-491 2768), and Michelmore Hughes (0803 865116)

To give an idea of what close *properties in good condition* fetch, sold last year at well over the asking price of £130,000 for a 140-year lease, was Braybrooke House. This was part of the Choristers' School until *it moved in 1947 to the Bishop's* Palace.

The properties grouped around the cathedral are mostly leasehold, and prices depend on the state of the property as *well as the length of the lease.* Also on offer is 9, The Close, again where there was a taker who, according to Savills "got within an inch of exchanging contracts and then withdrew."

A new 60-year lease is now on offer at £100,000, a reduction on the original terms, as the Close architect Jeffrey Ashenden has since drawn up a schedule of repairs which could cost up to £25,000.

Just on the market is the Gate House on the North Canonry, recently restored. It is being offered by Salisbury agents Myddleton and Major, together with Savills, at £140,000 for a 59-year lease.

The ground rent for most of these houses appears to vary between £300 and £500 a year, *and the rateable value is any*thing between £300 and £700. Curiously, in all the details I have of these properties, no actual worked-out figure for rates is given. Present rate for *Salisbury is £1.290 in the £*, which an agent had to look up for me. I suggest that recording the actual payable figure of rates and up-dating it on the turn of the rating year at the end of March, is something agents in general are remiss about.

For those courageous *enough to brave weather*, there are interesting ecclesiastical offerings around the country.

● A former Methodist chapel, the Old Mission Hall, Westfield, *East Sussex, recently* used as a scouts' hut, and with planning consent for an artist's studio, is for sale at £17,500. Details John Berry, Braxtons, Battle (04246 3333), who recently sold an old chapel in Sedlescombe for £25,000.

● A redundant church in the hamlet of Monkton Deveril in the roling chalkland downs of Wiltshire has planning consent for conversion of the nave, vestry and tower to residential accommodation. It is £25,000 through Nick Latcham, Pearsons, Warminster (0985 213595).

●The William and Mary one-time Parsonage House to All Saints' Church, Warlingham, Surrey, with views over the village green and the glebe fields, yet only three miles from the M25, has a guide price of £150,000 through Malcolm Lowe, Bernard Thorpe and Partners (08833 2375). *Being offered by the* Diocese of Southwark, the five-bedroom redundant vicarage with a staff apartment needs some updating.

● Prebendary Edward and *Mrs Shotter are selling their* restored Georgian vicarage in 4½ acres in Shropham, Norfolk, on offers in excess of £140,000. Most of the seven bedrooms have original Victorian fireplaces. Details from Jane Dazeley, Savills, Cambridge (0223 844371).

A tiger defeated by snow

BY STUART MARSHALL

IF SHEER delight is giving a BMW M535i its head on an uncluttered autobahn, total frustration is trying to use it *in the kind of weather we have* had in the South East recently.

The specification speaks for itself. A BMW 5-series four-door saloon with a 3.5 litre in-line six of legendary smoothness and virility. Couple this with a choice of 5-speed close ratio or high top manual gearboxes, or 4-speed switchable overdrive automatic, and one has the recipe for a 140 mph-plus, 0-60 mph in seven seconds supercar for grown-ups at a reasonable (£17,950) price.

On wet or dry roads, you couldn't wish for a better car. Tigerishly fast, utterly secure in corners, firmly comfortable to ride in and—I'm speaking of the 5-speed close ratio manual—a tabby cat in town. It trickles *along in fifht at 30 mph* and accelerates clean as a whistle if you prod the pedal.

But in snow; oh, dear. The enormously wide Michelin TRX 55 series tyres are everything V-rated radials should be when you can see the road surface. But cover it with an inch or two of hard-packed snow and they are totally devoid of grip.

In the first five days of my test I only managed to get the BMW up my drive once, with the aid of lots of muscle power. Then it stuck in the Marks and Sparks car park in which Metros and Renault 5s were moving freely. Snow is a great leveller. Shoving and shovelling rescued the BMW, which I then drove home and left until the thaw came, relying on my Peugeot 305 diesel, which went everywhere I asked it to without drama, for personal transport.

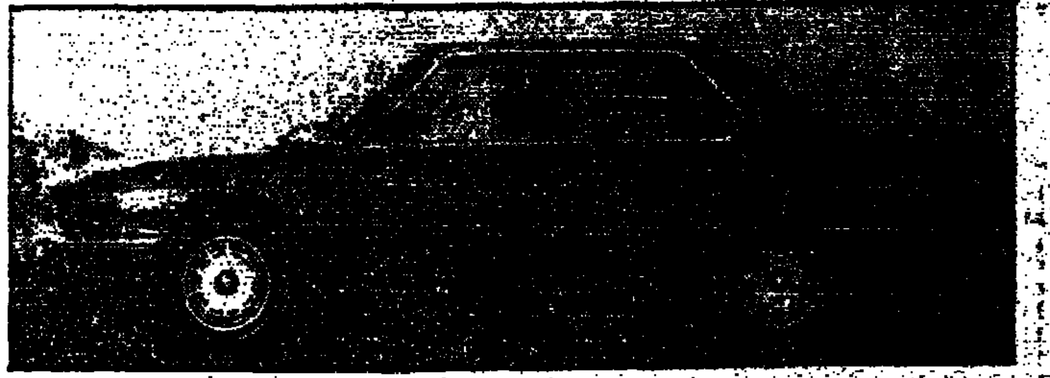
I called the M535i a grown-ups' supercar because its sober styling belies its tremendous get up and go. Forget its deeper air dam at the front and the plastic miniskirts at the sides and it looks no different from *any other* 5-series, the new 1.8 litre version (of which more in a moment) included.

Yet it will out-accelerate practically any other saloon car if one is juvenile enough to indulge in a traffic lights grand prix and, taking BMW5s claimed top speed as read, show them a clean pair of heels on the autobahn. Really, it is an off-the-peg equivalent of the Alpina B9 that impressed me so favourably when I drove it in both manual and automatic versions in the summers of '83 and '84.

As I have observed before, in a BMW you don't have to be squashed up and devoid of baggage space to enjoy supercar performance where it is still legal to do so.

If the M535i is a car with which to indulge one's fantasies, the 518i is a car to delight the business motorist. At £8,970 it compares in price favourably with a number of saloons of far less distinguished ancestry and the 1,766 cc fuel-injected engine squeezes into the below 1.8 litre tax brackets.

It is no flyer. The 109 mph maximum is so-so for a 1.8 litre; its 12.3 seconds 0-60 mph is the same as BMW's bargain basement model, the under £7,500 316 two-door. But does this matter to the business motorist who wants BMW quality and driveability and who doesn't want to engage in gladiatorial combat with every passing XR3i? I would have thought not.



BMW M535i. Supercar performance with family car space for people and luggage

With the introduction of the 518i there are now seven 5-series cars with engines ranging from a carburetted 1.8 litre with a 90 bhp engine at £8,448 to 528iSE, 2.8 litre engined with every conceivable (and expensive) extra at £15,995. Plus, of course, the incomparable M535i which has ben exhilarating and frustrating me for the last few days, depending on the weather.

The M535i annihilates hills in fifth gear. The 518i with the same overdrive ratio though a 25 per cent lower geared back axle, does not. The gearbox has to be used freely but better than 30 mpg is possible due to its long motorway legs. Standard equipment includes power-assisted steering. BMW GB says it will import 500 M535i models this year and warns that many dealers have pre-sold their allocation.

But if you can't get one—or your company won't stand £17,950 for your car—despair not. The 518i will give most satisfying motoring in speed-limited Britain. And the mere fact that you drive a BMW is enough to impress most people.

Skinny twins get a grip

SNOW AND ice are not the only enemies of the ultra low profile tyre like the Michelin TRX or Pirelli P7. Their enormous grip on dry or moderately wet roads can be diminished by a few millimetres of surface water.

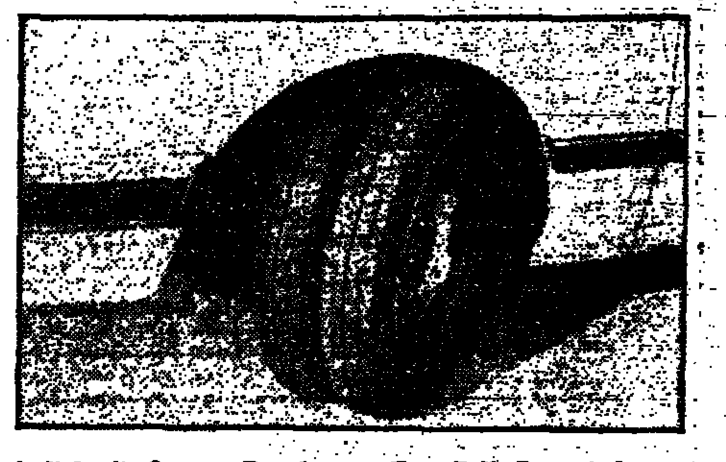
Because the footprint is so wide, the water cannot be cleared away fast enough by the splots and grooves of the tread pattern. The result is aquaplaning which may, in extreme conditions, lead to loss of control because the tyre is literally floating on a *film of water instead of biting* down on to the road.

That was the reason why Jerry Juhan, Geneva-based inventor, created his twin tyre system. Instead of one very fat tyre on a wide wheel, Juhan has two skinny ones with a gap between them. The water that would make a fat tyre aquaplane pours through the central gap.

I have not tried twin tyres in the snow, but Juhan rang me from Geneva this week to tell me that they work just as well as they do in heavy rain. (They are good in the dry, too, as I discovered on a test track more than a year ago.)

The other obvious benefit is that if one of the twin tyres goes down, the driver can continue his journey for hundreds of miles if need be—providing the pressure in the remaining tyre is increased by about 20 lb per square inch.

The motor industry is taking the twin tyre seriously. Daimler-Benz has approved all Merecedes models for twin tyre fitment. So has



Audi for its Quattro; Porsche for the 928 and 911; and Opel for the Senator, Monza, Ascona and Kadett, including the very fast 1.8 litre GTE. None is yet using them as standard equipment—they are for etro-fitting by the owner—but Audi may well do so in about two years time.

Even Rolls Royce is known to be interested in the twin tyre concept. Twin tyre/wheel packages are now available for cars as small as the VW Golf GTI and Honda Prelude and as large as the Audi 200 and Mercedes 500. Juhan can be reached at Geneva 32 72 20.

هكذا اصبح الأمل

TRAVEL

Arthur Sandles has warm memories of New York

A city of chilly thrills

THIS CHAP who owned my house before me was a hardy sort of fellow. I might have guessed that from his ruddy complexion and open necked shirt. I am reminded of his hair-shirt attitude to life every time I have a bath. He moved the bathroom so that it juts westward into the garden. The blizzards that have swept in from the west of late are temporarily hindered by this structure, and went their icy fury against it as a result.

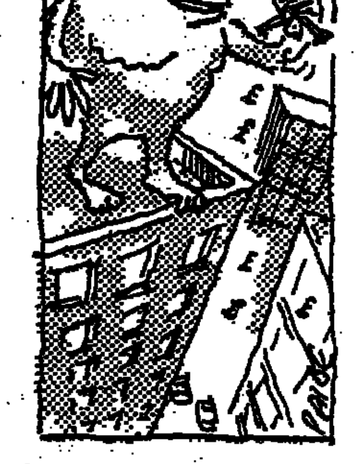
I recount that tale only to illustrate the fact that there are places where it is quite pleasant to be cold. Others, including my bathroom, are among those that are not.

New York—well, Manhattan—is one of those places where the chill is quite stimulating. In my brief occupation of a small corner of one of the city's giant apartment blocks one of the pleasures of late Saturday night was slipping out to get the Sunday (New York) Times and a bag of croissants on the strict understanding that neither would be broached until Sunday morning itself. But all the promises of a lingering morning indoors were swept away simply because the temptations of a snowbound Central Park were too strong.

New York in winter can be desperately cold, but it is usually also very dry. It is the sort of weather where every movement in the open air seems to be made at a scamper to avoid the chill. You scamper from hallway to taxicab, from cab ot theatre from theatre to subway (there's no way you're going to find another cab) and from subway to restaurant. The cold, however, is a skin pinching one, rather than the bone gripper that assaults you in the wetter climes of London or Brussels.

It is only in the height of summer that Manhattan becomes an unpleasant place to visit. The soaring heat mixes with car fumes, noise and general ill-temper to make it singularly avoidable.

It is hardly a secret that New York has had something of a revival over the past couple of decades. It went through a very bad patch. It is not for me to argue whether the Big Apple and I Love New York campaigns started the change back to city pride and vitality that had somehow been lost in the fifties, or whether these were simply symptoms of that change. For the moment, however, the fact that New York is the Yappy capital of the world (for those still not in the know, that is a Young Urban Professional) and it shows. The city has spruced up its village areas, including The Village, the arts and



theatre are exciting and innovative, wining and dining is of a high standard, and the shopping remarkable.

The only problem is that, for anyone not paid in U.S. dollars, it is, for the moment, cripplingly expensive.

There is no escaping that fact. You will be able, as I will show, to bring the cost of transport and accommodation down to quite reasonable levels. But the simple things of life, like cups of coffee, getting around, buying toothpaste and drinking a G & T at the hotel bar tend to come as something of a shock.

I cannot see, for example, how you can have pre-theatre snacks, see a show, go on for dinner at a decent restaurant and take in a late night drink or two at a piano bar or one of those places where there is a good singer or comedian for less than £250 fo rtwo people without cutting corners on your normal London standards.

So this is not going to be one of those "how to do New York on 50p a day" articles. You can't, unless you have good shoes, strong legs, no appetite and a taste for window shopping.

But all is not bad news. The actual reaching of New York is a remarkable bargain at the moment. Air fares are impressively low—even if People Express is about to raise its one-way fares from £122 to £154. I recently paid more than that to fly to London from Nice.

A ring around travel agents this week, asking for the cheapest one-week return flights London-New York just before Easter, produced a fairly standard response: The lowest fare, quoted by Thomas Cook, was £238, on TWA, but it could only be booked two days before departure. Buckingham Travel offered Virgin for £244, which others were offering for £256. Both Thomas Cook and Pickfords offered big-brand name flights (BA, TWA, etc) for £259 or £279 subject to certain booking restrictions.

There is a range of reasons for the low prices, prime among which is the surfeit of seats and the strong competition. But also there is the fact that the airlines and tour companies do not wish to see their British business disappear. To become dependant on one source of revenue is a recipe for disaster, so there is a degree of encouragement of the rump from which bigger and better things can be developed when, or if, the dollar tumbles.

Probably the best bargain around at the moment comes from Cosmos. It has a hefty America programme that was prepared on dollar-pound values in July of 1984. The holidays in this programme are guaranteed provided you book them, and pay in full, before April 15 of this year. The most expensive New York week in the brochure is £538, and prices start at £427. An extra week can be had for £126-£160.

Another little gem hidden away in the same brochure is the offer of a three-night New York stopover for £75 for anyone booking a Florida trip with the company.

They are, however, not alone *in offering good prices.* I would recommend anyone even thinking about going to New York to spend some time gathering as many brochures as posible and checking what is being guaranteed and what not, and where surcharging stands at the moment. Special offers, such as the one involving Cunard and Britih Airways to which I referred last week, seem to be appearing every day.

One of the biggest operators across the Atlantic, Jetsave (now part of British Caledonian) told me this week it is guaranteeing the price of its three-day holidays in New York in most of May at £298, with accommodation at the New York Penta. For the rest of the year, and for longer holidays, the surcharges at the moment are in the 5 to 8 per cent range.

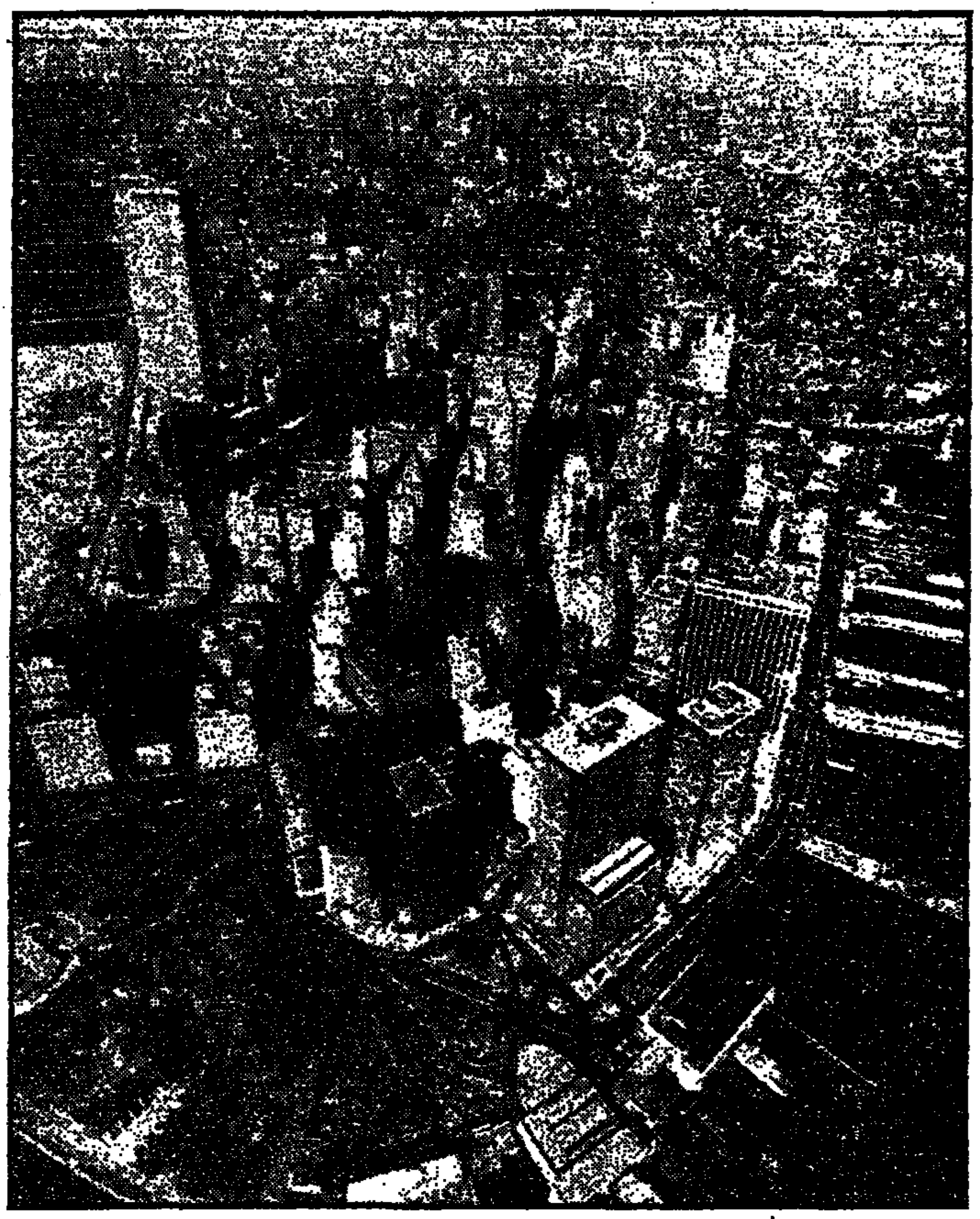
Jetsave, and other operators, are guaranteeing that once you have paid in full there will be no further surcharges—which makes a two week stay in September at a brochure price of £539 pluss the present surcharge still an impressive offer.

If you are staying with friends or have some special local link that gives you bargain accommodation then by all means travel independently—you could use the wide bodied charter jets of TransAmerica for £279 (£289 in the summer) return via American Airplan. By and large, however, it would seem extremely difficult to beat the package prices. The savings on airport transfers alone are substantial.

But back to the bad news. I would not recommend New York to anyone who was on a really tight budget. It is not much fun if you cannot even afford lox and bagels for lunch or see a couple of Broadway shows.

At the moment (until the end of March) TWA is building something of a bridge between package and independence with its I Love New York programme subtitled "welcome back to the two dollar pound." It is offering passengers via its programme with Travellers Jetways half priced rooms at many hotels (£20 at the Madison Towers, £29 at the Sheraton Centre per person, two sharing) and a third off some show tickets (£30 for 42nd Street or Chorus Line, and that's the discount price).

Since pen first hit paper (or rather finger hit microprocessor) the weather outside my window has changed from the soggy gloom that inspired those first thoughts to the sort of crisp clear iciness that I suggested was never seen in London. Sod's law, of course. But I still reckon New York is a great place to be in winter.



Many-splendoured Manhattan. But take lots of money—you'll need it

Best foot forward to a new Ice Age

SITTING round the old log fire the other evening, the topic of conversation swung hither and thither around new Ice Ages and Black Runs I have known and then settled on that established favourite, the good old days. In particular, we started to reminisce about favourite skis, the classics.

It could be argued that the day of the classics is over. We are nearly, but not quite, at the stage where ski design is in the hands of the computer. Our classics were skis that were fun to use but had occasional touches of piggery about them.

The classic age probably started early in the Fifties—before even my ski time—when metal first was used to any large extent and when lamination and glue techniques, said to have been pioneered in the the UK for aircraft production, were applied to skis. The first Head skis from the U.S. revolutionised both equipment and technique.

The metal ski, much improved later by the Austrian Fischer company, had tremendous torsional strength when compared with the former wooden models. Although I have never skied on early Head models, I did ski on some descendants a little later. The metal ski gave a grip on ice and hard pack that wood simply *could not match, but . . .*

The "but" arose when speeds increased a little. The metal ski had to be designed with sufficient softness in the nose to make it turnable, but the sheer act of doing this gave the ski a tuning-fork effect.

The result was that, on a fastish run or straight schuss, the nose would vibrate and you could catch an edge in a wink of an eye. At the end of a ski day, when the runs home were rutted and refreezing bodies were scattered as if on a battle-field.

Later, the manufacturers learned to dampen this vibration and the golden age of *metal skis, the late '50s and* early '60s, dawned. And after that came the period of experimentation with various plastics, woods and metals—the glorious, pre-computer days.

My own eventual, highly-subjective list of classics includes:

● The Kastle CPM 70, an early powder ski that turned easily and was fun for off-piste when skiers were just beginning to enjoy the deep stuff — but never a happy ski on ice.

● The Kneissl White Star series. Later models still are seen often around the slopes. Basically a racing ski, it was far too much for most of its users to handle, but just owning a pair said something about your aspirations — if not your skill.

● The Hexel Hexcellerator, the best of the compacts that were the rage in the mid-1970s. Good used models are still in demand—hold on to them if you have a pair.

● The Olin Mark IV Comp, the ultimate bump ski, and Olin Mark III, user friendly.

● The Pre 1200, made in Sun Valley, Idaho, and usually seen in Europe only on the feet of ski instructors who want to

show they have been around.

● The Rossignol SM, a super ski for the piste-basher but a nasty bag of tricks in moguls or anywhere that short, sharp or slow turns were required.

● The Dynastar Omesoft. People who bought Mark IIIs a year or so back now buy Omesofts.

Collectables, but certainly not classics, include such brief eccentricities as the Hexcel Split Tail, with its swallow-like rear end; and the Kastle RX Downhill, with a hole in the nose to let the snow flow through.

● The champion classic, however, must be that black (or pearl) Utah-produced monster with the odd coloured patches—The Ski. Handmade, soft flexing, very expensive and no longer with us (unlike our own dear Scottish Veilhaber). If you want to see what they looked like there is one nailed to the wall at Ski Service in Verbier.

Arthur Sandles

MOTOR CAR ADVERTISING APPEARS TODAY ON PAGE 6

ARTS

Financing the Museums/Antony Thorncroft

Smash or grab

ONE OF the biggest rows to hit the Heath Administration of the early 1970s was over its plan to introduce admission charges for museums and art galleries. The proposal was discarded in the face of a powerful lobby which argued that free access to museums and art galleries was one of the natural rights of a British citizen and one of the glories of the nation.

Now the issue is raising its head again and this time the museums and art galleries are considering introducing the charges. They are reluctant to do so, but a succession of meagre annual grants from the Government has put them into financial strait-jackets and forced them to consider alternative sources of income—including admission charges.

Ironically the Minister for the Arts, Lord Gowrie, went out of his way to help the national museums and galleries in his arts budget last month, giving £1.5m in extra money for conservation and display, and raising the cash for building maintenance and repair by over 15 per cent to £28.7m. At the same time he undid this generosity by reducing the purchase grants by nearly 18 per cent.

For most of the national institutions their 1985-86 grant is just not enough, and their problems will be aggravated if civil servants receive more than a 3 per cent pay rise in 1985, the figure the Government has budgeted into the museums' revenue. For the Victoria and Albert salaries consume 85 per cent of its grant and if it has to find extra cash in this sector its chances of holding the line against the worsening deterioration of its fabric are reduced. This week it had to close the Indian gallery because the roof was leaking.

Sir Roy Strong, the director, has gone out of his way to alert the public to the structural problems the museum faces as a first step in soliciting its help, in cash terms, in stopping the rot. Next month the V and A trustees meet to consider some form of admissions revenue; they are seeking the advice of outside marketing consultants on the best approach, and by the summer visitors to the V and A are likely to be educated into paying for the facilities available in the museum.

"The whole philosophy of the nation has moved towards 'you pay for what you get.' I do not think it unreasonable that the half a million regular users of the museum (out of a total attendance approaching 2m) should make a contribution of a pound each" says Sir Roy. The £500,000 raised could save and restore a gallery."

Sir Roy and the trustees are studying how "to trigger a response." It is unlikely that a fixed admission charge will be levied. An approach closer to that of the Metropolitan Museum in New York, which goes in for powerful pleading rather than a compulsory sum is favoured, drawing the attention of the public to the problems of the V and A and hopefully stimulating a willing financial contribution.

But the very fact that the V and A is prepared to countenance such a change in tradition has slightly unnerved the other national museums and art galleries even if their buildings are not in such a bad state as the V and A which is seeking £25m from the Government over the next five years to save the structure.

The British Museum and the National Gallery are still resolutely opposed to admission charges although their Trustees now give the matter more thought that they did in the past. The Tate is also against the idea in principle but is watching the V and A's plans with close interest. The very paucity of current resources makes every possible extra pound very attractive.

There is one major museum which has been charging the public for admission for over nine months. The National Maritime Museum in Greenwich introduced admission charges last April. Its director Dr Neil Cossons, is happy with the results but wants to wait for two or three years to deliver a definite conclusion.

In the first year the museum will gain £360,000 in extra income.

This has gone towards reopening the museum on Monday, a marketing campaign and refurbishing galleries. Dr Cossons reckons that attendances are around 10 per cent down a reasonable price to pay.

The Imperial War Museum has operated an exhortatory scheme since December; no fixed charge but turnstiles and heavy pleading. It has raised £6,500 in six weeks, but this is a quiet time of the year. (School children are, of course, excluded from such fees). It sees the scheme as part of its programme to raise £2m to rebuild the museum and to double its gallery space, which has remained the same for almost 50 years and one World War. The Government has promised £6.5m if the Imperial War Museum can raise the rest.

The Government's attitude is the key to the museums and art galleries drive towards increasing revenue. In theory, the Goverment leaves it up to individual museums to decide whether to introduce charges. But it takes a much more ambivalent line towards the money earned by museums and art galleries.

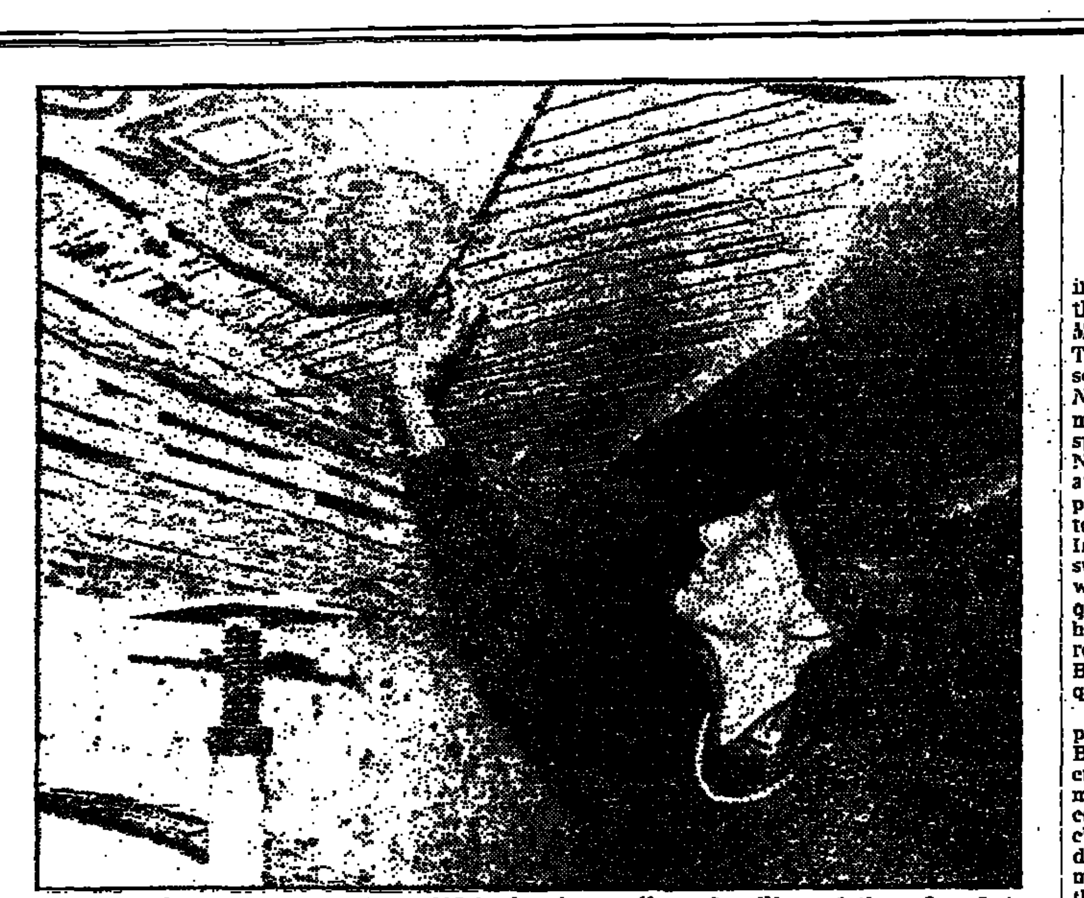
In theory, extra income gained by operating, say, the gallery shop more efficiently, goes back to the Treasury. Greenwich had to get special exemption to retain its admissions cash for its own uses.

Last year the National Portrait Gallery boosted considerably its sales through its shop. As a result its grant was cut by £80,00. The National Maritime Museum also made a substantial surplus on its shop and gained only an extra £30,000 in a £4.3m grant. The Minister for the Arts is aware that the old system of penalising arts institutions that show themselves to be entrepreneurial is against the spirit of modern Toryism and last year formed a committee to examine the problem.

It failed to report in time for 1985-86 but should offer guidelines some time this year. But while galleries and museums could receive lower grants because they are generating more revenue there is little incentive to experiment with cash-creating schemes.

The larger institutions, the National Gallery and the British Museum, have converted their shops, and their publishing activities, into independent companies, outside the Treasury's recouping claw. But there is the quixotic situation of the Government poised to penalise those museums and galleries that take revenue earning to heart.

There is a widespread reluctance to introduce admission charges—it is against the ethos of our national institutions and quite contrary to the wishes of their benefactors, who gave priceless collections for the free inspiration of the public—but if the Government can convince the museums that boosting revenue will not result in lower grants, it is likely that collecting bowls (but not fixed charges) will feature more prominently in the entrance halls of our hard-pressed galleries.



Laura Truman of the V&A showing walls and ceiling of the lecture theatre affected by dry rot — Roger Taylor

Riverside cash crisis resurfaces

Riverside Studios, the arts centre in Hammersmith, West London, which since its opening in 1976 has combined great artistic successes with a succession of financial crises may be facing permanent closure. The Arts Council announced yesterday that it would not be offering any subsidy for 1985-86. (this year's is £103,500).

The Arts Council informed Riverside last year that unless it brought income and expenditure into some kind of balance, and reduced its deficit, its grant would be cut. Although there has been an economy campaign, the cash problems remain.

The GLC has stepped in with substantial grants during similar crises in the past and this year is giving Riverside £465,000, making it one of its main arts clients. Mr Peter Pitts, chairman of the GLC arts committee was meeting Riverside administrators yesterday evening and would like to be able to produce more money to keep the Riverside going. But he recently said that Government rate-capping will force the GLC to reduce its arts expenditure by many millions.

Sinfonietta/St John's

The London Sinfonietta's series of seven concerts and a film at vahious venues around London this month and next, which began last Sunday with a triple celebration of Michael Tippett's 80th birthday, is itself not so much a restrospective as an exuberant celebration, in the classic Sinfonietta manner, of a continuing tradition.

The third programme of the series at St John's, Smith Square on Thursday night explored three vividly contrasting sound-worlds—and contained, as well as the serious and solidly inventive *Life Studies* of 1973-75 for 15 solo strings by Nicholas Maw, two remarkable Hungarian masterpieces composed during the last three years. György Ligeti's Horn Trio is his most recent instrumental work, finished only 18 months ago, and also one of his most beautiful and original creations. The mood is elegaic: the first movement delicate and deeply melancholy—"a very distant, delicate and melancholic music, the sound of which penetrated, as it were, from above atmospheric crystallisations." The two central movements recall, in their calculating wildness, some of the crazy metrical dances of Ligeti's opera *Le Grand Macabre*. The finale is a Passacaglia that divides at its climax to encompass the highest and lowest ranges.

I have written already in these pages of György Kurtág's *Fragments* op. 20, a cycle of 20 tiny songs for solo soprano not yet heard in Britain; and London concert-goers will remember several Sinfonietta performances of *Messages of the late Miss R. V. Troussova*, another miniature song-cycle for voice and instruments. *Scenes from a novel* op. 19 is another miniature masterpiece.

The text, like *Troussova's*, is chosen from the notebooks of the Russian-Hungarian poet Rimma Dalos. The theme in inconstancy, yearning, self-betrayal, underpinned by a *recurrent motif of farewell*. Each song is a deft and wonderfully economical illumination of a single moment of, or a summary of, its poem-fragment. The words of "I reach out my hand, and chase away your frost with my warmth" unfold to the sound of a violin's open strings slowly warmed into complex dissonance. "My soul's rush-hour" scrambles past, slightly mistuned, to the strains of a hurdy-gurdy waltz. There is much sharp irony and paradox in the settings—every one a marvellous concentration of gesture.

Dominic Gill

Jewels set in the historic plate

"India has lost a good deal in the way of *romance!*" said the introductory speaker to *Maharaj* (Radio 4, Saturday). This first programme of a series was subtitled *Nizams, Nawabs, Rajas and Raos*, and much of the commentary was spoken, if not exclusively by Nizams, Nawabs and Rajas, at any rate by members of Indian princely families. What they told us was like footnotes to Indian history, but if this suggests trivia, that would be wrong. Footnotes of such quality are jewels set in the historic plate. Whatever romance there may be at Bhowani Junction, it never quite matches the past.

What more romantic than the pink tiles in the Maharaja of Boondi's palace, coloured by crushing a slave-girl in the marble? What British families compare with the Rajputs, who claim (and are credited) descent from the sun or the moon? The Round Table and the Thousand and One Nights set the standard of the Prince, seven of the whole wives committed *suttee* in a well when a flagbearer mistakenly reported him defeated, and the eighth was pushed into the well with her seven colleagues when he returned unbeaten? The seventh Nizam of Hyderbad emptied "buckets and buckets" of pearls from his stock of spares on to his palace roof, had them washed and then graded as if they were tinned peas in the telly ads. The Nizam was the richest man in the world, and one of the grubbiest. When he thought himself slighted in a big department store, he bought it outright and sacked the guilty.

The general impression is one of courtesy, dignity, benevolence and good government. There are occasional stories like the brutal Jai Singh incinerating his horse when it threw him. After the end of the Mutiny in 1857, the Indian rulers gave the British security and the British gave them stability; and the British, to their credit, realised the importance of sustaining the Princes' prestige. Later Indian governments have had different ideas.

Three kinds of crime among the week's plays. Allan Berrie's *The Green Drum* (Radio 4's Monday Play) offers political crime. When Dr O'Driscoll's wife comes home from America, she finds her house daubed with the slogan "Yankee go home or die, victory to the provisional IRA." and as Dr O'Driscoll is a government minister this is an embarrassment. Her error has been to speak against the IRA on American television, and as the *minister* is about to launch an anti-terrorist campaign this was untimely. The minister's son Connor, poetic but wet, is for the terrorists, his grandfather having been a great hero of 1916. He is kidded by some activists that there is work for him to do, and he is shipped to England; but the Holyhead Customs find his baggage loaded with heroin — which, on examination, proves to come from a police store.

The Yankee wife has indeed gone home, rather than die; but Connor's scandal compels his father to resign. The story is very complex, and contains several episodes included, it seems to me, for their dramatic rather than their narrative value, such as Connor's homosexual seduction. It sounded to me like an adaptation of a novel, probably a good and exciting novel. On the radio I wasn't always able to follow the course of events; nor could I believe that the minister and his fighting father-in-law both needed to have mistresses. It was ably played by a largely Irish company, with Marie Kean as O'Driscoll's mistress and Tony Doyle as O'Driscoll. Peter Kavanagh directed from the BBC Northern Ireland studio.

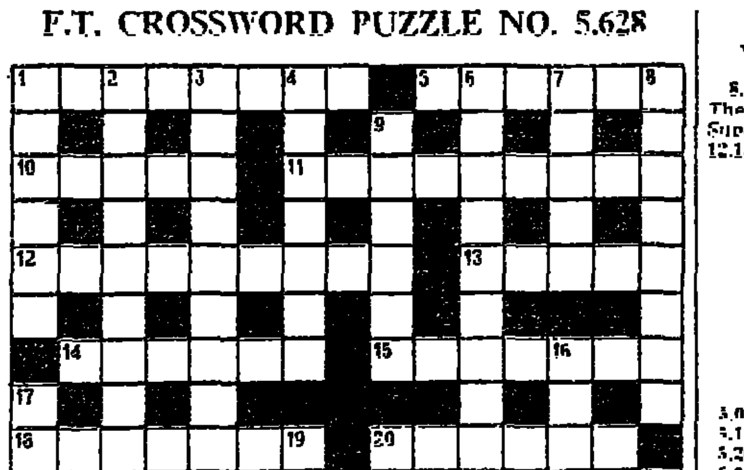
Legendary crime in *By Flower and Dean Street*, Tuesday's Afternoon Play, adapted by Patrice Chaplin from her own novel. This time the events of the book followed each other coherently enough, but with so little background colour that I thought them hard to believe. What I should have believed was that Connie (Meg Wynn Owen) was haunted, not only by the ghost of Jack the Ripper, but with everyone involved in his activities, and it was too much for me.

Everyday crime on Wednesday's Afternoon Play, *Inside Out*. Rod comes out after eight years in stir and intends to go straight. His mates intend him to lead them in their activities, and John Chambers's script ingeniously gets him into more trouble when he has done all he could to avoid it. Rather ordinary characters in ordinary crime-chat, but enough of a puzzle to hold the attention.

RADIO

B. A. YOUNG

F.T. CROSSWORD PUZZLE NO. 5,628



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winner and solutions will be given next Saturday.

Name ....

Address ....

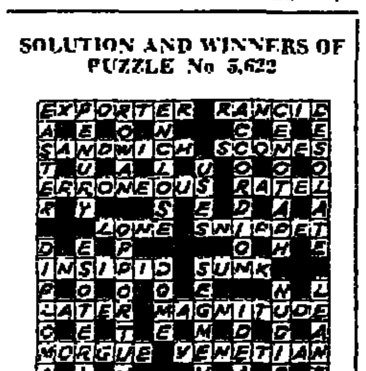
ACROSS

1 Still turning round separately at social functions (3-5)
5 Take in brother's degree the wrong way (6)
10 Pain for the cast, we hear (5)
11 Frightened of getting stoned? (9)
12 Game, maybe water, maybe in sea, is a dance (9)
13 Small diamonds put in bag by Welsh mountain (5)
14 Sounds like one with something on his ... chest (6)
15 Mother accepts covering for holy man (7)
18 Lubricate tympanum? (3-4)
20 Island bird? (6)
22 Piece of work, maybe bad when one strikes? (5)
24 Papua's modern coin (3, 6)
25 Azreed on a change of drink (9)
26 Hunchback follows model in strike (5)
27 Sailor, church leader and solvers (8)
28 Stage Partner to partake in game till its end? (8)

DOWN

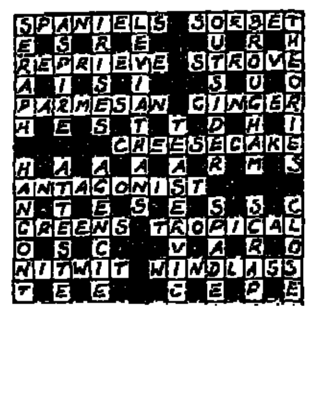
1 Mikado's town: I put it differently (6)
2 Floor pail used by sucker who forgot the date (5, 4)
3 Autumnal appeal for prey, young (at hen? (1, 5, 3, 3, 3)
4 Drunkard, keeping it up, ...
6 Our railways: it is a religious man's attempt to be one of a confederation (7, 5)
7 Basket-maker? 'e makes stockings (8)
8 Venerable person's servant who prays for him? (8)
9 Flow of paper under street (6)
16 Spider spread sticky stuff for insect on top (9)
17 Noise of (Toad's) car with fool at stern (4-4)
19 Club worked by dynamo (6)
20 It rings in the fields to frighten the telephone man (3-4)
21 Specimen on its head, more enough (6)
23 Walker or steamer? Car, on the quiet! (5)

SOLUTION AND WINNERS OF PUZZLE No. 5,622



Miss Anne Dingle, 52 Linden Way, London N14.
Mrs M. Osborne, 3 Harestock Close, Winchester.
Mrs A. F. Douglas, 3 Woodcroft Park, Holywood, Co. Down, N. Ireland.
Mrs Rose, 9 Malcolmson House, Aylesford Street, London SW1.
Mr R. W. Thomas, Walkey's Cottage, Clyst-St.-Lawrence.

Solution to Puzzle No. 5,627



BBC 1

† Indicates programmes in black and white

8.50 am The Perishers. 8.55 The Littlest Hobo. 9.00 Saturday Superstore. 12.12 pm Weather. 12.15 Grandstand, including 12.30 News Summary; Football Focus with Bob Wilson; Racing from Cheltenham at 1.00, 1.35 and 2.10; Skiing from Garmisch; Athletics: The Pearl Assurance AAA Championships; Rugby League: The John Player Special Trophy Final—Hull v Hull Kingston Rovers; Final Score at 4.40 Classified Results.
5.05 News.
5.15 Regional variations.
5.20 Doctor Who.
6.05 Jim'll Fix It.
6.40 The Little and Large Show.
7.15 One by One.
8.05 Dynasty.
8.55 News and Sport.
9.10 The Saturday Action Movie, Attack Force Z.
10.40 Match of the Day.
11.40 The Birth of the Beatles.
1.20-1.25 am Weather.

REGIONAL VARIATIONS:
Wales—5.15-5.20 pm Sports News Wales.
Scotland—5.15-5.20 pm Scoreboard. 10.40-11.40 Sportscene. 1.20 Northern Ireland News. 1.25 am Northern Ireland News Headlines.
Northern Ireland—4.55-5.05 pm Northern Ireland Results. 5.15-5.20 Northern Ireland News.
England—5.15-5.20 pm London—Sport; South West (Plymouth)—Spotlight Sport and News; All other English regions—Sport and Regional News.

BBC 2

10.10 am Open University.
4.00 pm Saturday Cinema: Double Bill: "Nicholas Nickleby" and at 5.45 "Ensign Pulver".
7.35 News and Sport.
7.40 A Vous La France!
8.05 Rugby Special.
8.55 The Saturday Alternative: "Wintersleep"

Dietrich Fischer-Dieskau with Alfred Brendel
10.10 Gordon of Khartoum. Robert Hardy's portrait of Gordon on his murder in Khartoum by the soldiers of the Mahdi.
11.25-1.05 "The Evil Trap" Marlene Jobert and Michel Lonsdale star in a strange drama mixing mental instability with kidnapping, directed by Yves Boisset.

LONDON

6.15 am TV-am Breakfast Programme.
9.25 Cartoon Time.
9.30 Scooby, Scrappy and Yabba Doo.
10.00 The Saturday Starship.
11.20 Space 1999.
12.15 pm World of Sport: 12.20 World Cup Skiing from Garmisch and Arosa; 12.45 News; 12.50 On The Ball; 1.20 International Athletics from New York; 1.40 The ITV Six introduced by Brough Scott at Doncaster and Derek Thompson at Ayr; 3.10 Ice Hockey: The Norwich Union International from Streatham, England v Scotland; 3.45 Half Time Soccer Round-up; 4.00 Wrestling; 4.45 Results.
5.00 News and Sport.
5.05 Blockbusters.
5.35 The A-Team.
6.30 The Fame Game.
7.15 All Stars Secrets presented by Michael Parkinson.
7.45 T J Hooker.
8.45 The Price Is Right.
9.45 News.
10.00 Aspel and Company.
10.50 London News Headlines followed by Auf Wiedersehen, Pet.
11.50 Magnum.
12.45 Bizarre.
1.15 am News from London.
1.20 Night Thoughts with Frank Field.

CHANNEL 4

1.05 Everybody Here.
1.30 The Making of Britain.
1.55 "Devotion," biography of the Bronte sisters with Ida Lupino, Olivia de Havilland and Nancy Coleman.
3.55 "Calling Philo Vance."
5.05 Brookside.
6.00 The Other Side of the Tracks.
7.00 News Summary followed by Seven Days.
7.30 Shape of the World: Africa.
8.15 As the Years Pass, as the Days Pass.
9.45 Mambo, Tango-Blues, Charleston, imaginative musical visualisations.
10.00 Hill Street Blues.
11.00 Da Doo Ron Ron, profile of Phil Spector in the first of a seven-week season celebrating the American popular music scene.
12.25 am Scotland Yard.

S4C WALES
2.00 pm A Question of Economics. 2.30 A Week in Politics. 3.10 The Saturday Film. 5.10 ... 9.15 ... 11.15 ...

REGIONS

IBA Regions as London except at the following times

ANGLIA
9.25 am Cartoon Time. 11.20 Battlestar Galactica. 11.50 pm Comedy Tonight. 12.20 am At the End of the Day.

BORDER
9.25 am Cartoon. 11.20 Chips. 5.05 pm Cartoon Alphabet. 11.50 Shelley.

CENTRAL
9.25 am The Adventures of the Blue Knight. 11.20 Chips. 5.05 pm Cartoon Alphabet. 11.50 Shelley.

CHANNEL
9.25 am Cartoon. 9.57 Puffin's Pla(i)ce. 5.05 pm Puffin's Pla(i)ce. 5.10 Cartoon Alphabet. 10.45 Movie Premiere.

GRAMPIAN
9.25 am Cartoon. 11.20 The Fall Guy. 11.50 pm Teachers Only. 12.20 am Reflections.

GRANADA
9.25 am Cartoon. 11.20 The Fall Guy. 5.05 pm Different Strokes. 11.50 The Saturday Film, "Weeds of Fear."

HTV
9.25 am Cartoon Time. 11.20 The Little House on the Prairie. 12.15 pm HTV News. 5.05 Cartoon Alphabet. 11.50 Jazz Special.
HTV Wales—As HTV West except 11.50 pm-12.35 am Cup Rugby: Swansea v ... in the third round of the ... Cup.

SCOTTISH
9.25 Cartoon Time. 11.20 Battlestar Galactica. 11.50 pm Late Call. 11.55 The Protectors.

TSW
9.25 am Cartoon. 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm Regional News. 5.05 ... 5.10 Cartoon Alphabet. 11.50 ... from London. ... Carlene ... 12.45 am Postscript.

TVS
9.25 am Cartoon. 11.20 The Green Hornet. 11.45 Batman and Galaxy Trio. 12.12 pm Weather. 11.50 Jazz. 12.20 am Company.

TYNE TEES
9.25 am Morning Glory. 11.20 Captain Scarlet and the Mysterons. 11.50 Batman: the Spell of Tut. 12.13 pm North East News. 5.05 North East News. 5.10 Cartoon Alphabet. 11.50 The Timeless Land. 12.40 am Poet's Corner.

ULSTER
9.25 am Cartoon. 11.20 Wild, Wild, World of Animals. 11.45 The Jacksons. 5.03 pm Ulster News. 5.05 Lakeland Games. 5.57 Ulster News and Weather. 11.45 Guess Who's Coming to Dinner? 12.35 am News.

YORKSHIRE
9.25 am Regional Weather. 11.20 Battlestar Galactica. 5.05 pm Cartoon Alphabet. 11.50 The Master.

BBC RADIO 1
(S) = also VHF Stereo
5.00 am Peter Powell. 10.00 Dave Lee Travis. 1.00 pm Punk to Present (S). 2.00 Paul Gambaccini (S). 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Phil Kennedy. 9.30-12.00 am Dixie Peach.

BBC RADIO 2
5.00 am David Jacobs (S). 10.00 Sounds of the Sixties (S). 11.00 Album Time (S). 1.00 pm The Impressionists. 1.30 Sport on 2—Racing from Cheltenham: 1.35 and 2.10; FA Cup Prospects; Athletics: AAA Indoor Championships at Cosford; Rugby League; Hull Kingston Rovers v Hull for the John Player Trophy Final; Rugby Union: Reports on the John Player Cup between Leicester v Bristol. Football: Commentary on one of today's 4th round cup-ties. Sports Report. 5.00 Classified Football Results. 5.25 The Scottish Cup. 5.30 Rugby Union. 5.35 Rugby Scores. 5.40 Athletics. 5.50 Racing Results. 5.55 Pools news and Football results. 6.00 Folk on 2. 7.00 Beat the Record. 7.30 Gala Concert Hall (S). 9.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls (S). 1.00 Patrick Lunt presents Nightride (S). 3.00-4.00 Wally Whyton introduces Country Concert (S).

BBC RADIO 3
7.00 News. 7.05 Aubade (S). 9.00 Stereo Release (S). 11.30 Mozart and Dvorak (S). 1.00 pm News. 1.05 Mendelssohn, Spohr and Ries (S). 2.00 Verdi's Operas: "La Forza del Destinno." John Matheson conducts this BBC performance of the original 1862 version sung in Italian by a cast including Roderick Kennedy, Martina Arroyo and Peter Glossop. 3.15-3.20 Julian Budden discusses the opera. 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Medici String Quartet (S). 7.20 Interval Reading. 8.00 Bournemouth Symphony Orchestra: Prokofiev (Symphony No 1 and Piano Concerto No 1 with Philip Fowke); Tchaikovsky (Symphony No 6). 9.30 Cabin'd, Cribb'd, Confin'd. Poet Craig Raine presents a critical portrait of 1983 Nobel Prize Winner for Literature, William Golding. 10.10 Southern Cathedrals Festival: Winchester Cathedral Choir (S). 11.00 Norway after Grieg: Grieg and Saeverud (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather, Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.43 Yesterday in Parliament. 8.57 Weather, Travel. 9.00 News. 9.05 Breakaway. Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 pm News, Money Box. 12.27 The News Quiz. 12.55 Weather. 1.00 News. 1.10 Any Questions? from Wolverhampton. 1.55 Shipping Forecast. 2.00 News: The Afternoon Play: "An Occasional Day." by Peter Tinniswood (S). 3.00 News: A Lexicon of Laughter (S). 3.30 Maharaj: Thames and variations from the lives of the Indian Princes (S). 4.15 Enemies in Love. 4.45 A Sideways Look at ... 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather, Travel. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen with Richard Baker (S). 8.30 Saturday-Night Theatre: "Ceremonies of War," by Philip Turner (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 The Wow Show presents ... Gonad's Alamo (S). 12.00-12.15 News.

BBC RADIO LONDON
7.32 am Good Fishing. 8.04 London Weekend. 8.30 The Magic Carpet Company. 9.03 Inside London. 9.30 Corridors of Power. 10.02 All That Jazz: Just Jazz. 11.30 Jeff Young's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 6.00 Guide-Line. 6.30 Big City. 7.30 Hold the Front Page. 8.00 Eastern Air. 8.30 Good Fishing. 9.00 As Radio 1. 12.00-4.00 am As Radio 2.

LBC
7.00 am AM. 10.00 Clive Bull's Fix-it Phone-in. 1.00 pm Time Off. 2.00 Sportswatch. 6.00 News. 6.30 Carol Allen's Cinema Screen. 7.00 Decl Hadley. 9.00 Laurence Spicer's Sight and Sound. 9.30 Celebrity Interview with André Previn. 10.00 Dan Damon's Nightline.

CAPITAL RADIO
7.00 am Dave Cash's Breakfast Show. 10.00 Pick of the Pops Take Two. 12.00 It's The Thought They Were Hits? 2.00 Mick Brown. 5.00 Greg Edwards' Soul Spectrum. 8.00 David Rodigan's Roots Rockers. 11.00 Mike Allen. 1.00 am Fusions with Steve Collins.

CHESS SOLUTIONS

Solution to Position No. 552

1 K-B3, R-B! wins (2 K-K3, R-K8 ch).

Solution to Problem No. 552

1 BxBP (waiting). If NxN; 2 O-O-O, or if NxB: 2 R-Q1, or N-Q7; 2 BxN, or B-K6; 2 QxP, or BxP; 2 QxB, or B-B7 ch; 2 NxB, or P-N5; 2 B-B4, or P-B5; 2 Q-K4, or B-K7; 2 QxB, or N (R4) moves; 2 N-B4. The trap which caught 350 was 1 RxRP?

هكذا صار الأصل

LEISURE

Gerald Cadogan reports on the discovery in Cheshire of a well-preserved survivor

The 2,500-year mystery of Lindow Man

A HUMAN leg noticed last summer on the elevator at a peat mill at Lindow Moss near Wilmslow, Cheshire, has led to the discovery of the oldest Briton to be more than a heap of bones. He lived about 2,500 years ago and died in a curious ritual death.

Called at first "Pete Marsh," he now has been christened Lindow Man. He is the subject of an unusual forensic investigation and is being studied by many different scientific specialists so as to learn all that is possible about him and his circumstances before he is prepared for public exhibition, possibly in about a year.

It is lucky that he has survived to us, for he comes from a bog where horticultural peat is cut, left to dry for some months and then taken to the mill where stones and wood are removed before despatch. That was when the leg was found.

The Cheshire county archaeologist, Dr Richard Turner, was called. At the spot where the peat had been cut, he found human skin protruding—something archaeologists do not usually find in excavation.

Excavation revealed the torso of a man, sheared off at the waist by the peat-cutting machine. He was lying face down in what had originally been a shallow pool in the bog, as a team from Liverpool University discovered. His right elbow was stretched out, his left forearm was across his waist and his hands were together. He was naked, though he might have had a band of some sort on his left arm.

He probably had been garrotted, with a cord tied round his neck and twisted by a garrotte stick, leading to separation of the neck vertebrae. Forensic study by Dr Iain West, of Guy's Hospital, suggests he was hit on the head first, then garrotted, and finally had his throat cut.

Keeping the wrinkles at bay: British Museum conservation officials apply moisturisers to "Pete Marsh"

He could have been hit on the head for anaesthetic reasons or perhaps the event should be seen as a process like hanging, drawing and quartering. We do not know.

His fingernails are in good, neat condition, which makes it unlikely he was a manual worker. He also is well built, which could mean he had been fed better in his 25-odd years than others—something that can be demonstrated in the royal burials at Mycenae of about 1,000 years earlier compared with humbler burials elsewhere in the Argolid.

It must have been a ritual death of somebody we might assume to have been important and and garrotting might have been part of the ritual. According to a Major Richardson in 1837 (cited in the OED), death that way was "at once the most manly, and the least offensive, ot the eye."

Similar bog burials in Denmark of much the same date as Lindow Moss reinforce the idea of ritual killing. There, too, the peat—like the sand of Egypt—has preserved evidence we should not have otherwise. The Danish bog burials include garrotted victims, but none yet found has been killed in quite such a thoroughgoing way as Lindow Man.

Lindow Man has mousey-coloured hair and a red moustache, beard and sideburns. His teeth are worn. We do not yet know his height. After having been put in a mould and kept cool in various morgues and a specially-made refrigerator at an out-station of the British Museum, he now is being freeze-dried—a process used also for waterlogged wood—before being remounted.

All samples were taken while he still was wet. He has been X-rayed and has had a CAT scan of the body at Bart's Hospital and a nuclear magnetic resonance (NMR) scan at Picker International in Wembley.

The work of studying him has really only just begun. His stomach contents will receive special attention, as they can reveal details of his environment (from the seeds and pollens there; his health (he had two different types of worms, identified from their eggs); and his diet—although it is possible that the meal he had last might not have been his regular food but something hearty for the condemned man. A research assistant is now to be employed by the British Museum for the full first sorting of the stomach contents, a six-month job.

Aonther research assistant, financed by the Department of the Environment, will be at work on the peat with Professor Frank Oldfield, of Liverpool. Comparisons of what was outside the body with what was in it will be very helpful; and there is a fine opportunity to learn much about the climate and plant life of the first millennium BC from a dated context.

Lindow Man has been referred to other specialists. About 30 people in all include experts in rheumatology, dermatology and microbiology. There is some evidence of degeneration from osteo-arthritis, but the complete anatomical study has still to come.

In charge of the whole project is Dr Ian Stead, deputy keeper of Prehistoric and Romano-British Antiquities at the British Museum. While there is little to be done that is *immediately* archaeological, it is all archaeology: Lindow Man will be the best illustration for many years of how the discipline grows by using the techniques of others to make the most of the evidence.

Similarities to police detection work are many and the police and the coroner have, in fact, been involved with Lindow Man. The police were called as soon as his leg appeared, since in 1983 a head also had been found in peat from the bog.

This led to a confession of murder by a man whose wife had disappeared 20 years before although, ironically, the head actually was ancient and not his wife's, as was shown by radiocarbon dating at the Oxford University Research Laboratory for Archaeology and the History of Art.

With Lindow Man the dating was done at the Atomic Energy Research Establishment at Harwell. Once the coroner was certain of its antiquity he could release the body, and if left Macclesfield Hospital for London.

Family inheritance: The dining room at Bowhill

Stately seats of learning

"The Stately Homes of England,
How beautiful they stand,
To prove the upper classes,
Have still the upper hand"

Antony Thorncroft updates Noel Coward's song

IT IS becoming steadily more difficult to stand by the stately homes of England. And when a peer out the realm dies his heirs face an almost impossible task in attempting to pay capital transfer tax without selling off the family heritage.

There is a queue of families hoping that the Government will somehow solve inheritance problems by taking on their houses in lieu of tax. Lord Scarsdale at Kedleston has been waiting for over a year now for the Department of the Environment to make up its mind on how to save his 18th century mansion. The Earl of Bradford is still looking for a solution for Weston Park, Shropshire. Now the death of Lord St Oswald last month casts a shadow over Nostell Priory, West Yorkshire.

All three houses will require special action because although, in theory, the Treasury is bound to accept works of art and land, in lieu of tax, in practice it is putting aside only £2m in 1985-86 to set against such offerings—a pittance. So there will be a succession of "save our heritage" crises at the last minute, if Britain's first overseas buyer has put in a £25m bid for Kedleston and if it goes through there is no certainty that the house will remain open to the public and that the contents will not be disposed of in the saleroom.

If recent inheritors face a clash between their consciences and their desire to maintain their homes intact, on the one hand, and the lure of foreign lucre, on the other, established families are also finding it harder and harder to make ends meet. Most homes have been open to the public for years but 1984 was not a good time for attracting visitors. Overall the Historic Houses Association reported a 5 per cent increase in attendances, but as many mansions recorded a fall in visitors as managed a rise.

The four most popular houses all offered the public more than a mansion—wild animals at Woburn and Longleat, old cars at Beaulieu and tableaux at Warwick Castle (it is owned by Madame Tussauds). There is a limit to the popular enthusiasm for looking at fine furnishings and family portraits, and indeed there is a limit to the enthusiasm of the house owners in having the public traipsing through their homes—most of them open their doors only to qualify for conditional exemption from capital transfer tax.

Now a new initiative has been taken by the Duke of Buccleuch which insures public access without the disruption and damage of constant visitors. An education trust has been established which will enable 28 participants to examine the Duke's treasures in two of his houses, Bowhill and Boughton, over a leisurely 10 days. The houses' general availability to the public will in future be restricted, and when it does happen the concentration will be on learning.

The Duke of Buccleuch can offer an unrivalled introduction to the British heritage. In all, he owns four houses, although the five courses this year will be centred on either Boughton in Northamptonshire or Bowhill on the Scottish borders. Boughton expresses the francophile assets of an ancestor, the first Duke of Montagu, ambassador at the court of Louis XIV, who brought back not only French furniture but also French craftsmen. Their number was swelled by Huguenot refugees after 1685. Two courses, in June and August, concentrate on Huguenot artists, like Paul de Lamerie, the silversmith, and Daniel Marot.

Bowhill basically dates from 1812 and the courses there concentrate on early 19th century collecting. The August event, most expensive of the five costing £1,200 as against the minimum £700, will include trips to the family's other Scottish residences, Dalkeith and Drumlanrig. This course is likely to appeal to wealthy Americans, but the Duke is eager to attract scholars keen to study British aristocratic collectin *in situ* and there are plans for scholarships in future years.

Sotheby's is supplying the lecturers but neither it nor the Duke of Buccleuch is expecting to make a profit. It is an alternative method of making the fine houses of Britain available to the public but with the emphasis on study and the greatest appreciation, rather than on casual gawping.

No other British family can offer such a range of houses and furnishings as the Dukes of Buccleuch. The Duke of Devonshire at Chatsworth is prepared to open his unrivalled collections to students and Burghley in Lincolnshire is this year expanding on its open days, when particular collections in the house are the subject of lectures by experts (Japanese export wares will be examined on February 16), but the Duke of Buccleuch and his son, the Earl of Dalkeith, are keen to break new ground in establishing their houses as educational centres, removing them from the hard selling razzmatazz of the stately homes circuit.

Arthur Hellyer on a long-term investment

Understanding asparagus

THERE IS considerable pleasure to be obtained from serving good asparagus cut that day from your own garden. But before embarking on this enterprise, you should understand just what it involves and how much ground will be required.

Unlike the general run of vegetables, asparagus is a permanent crop. It will occupy the same bed for 15 years or more before it needs renewal; and even if you start with two-year-old roots it will be at least a year before any crop can be taken, and two or three years before the bed is in full bearing.

First, however, it is essential to start with really weed-free soil since, if there are perennial weeds in it when the asparagus is planted, they will be almost impossible to clear out later. Annual weeds are a different matter as they can usually be pulled out fairly easily or may even be killed with a carefully selected herbicide applied before the asparagus shoots emerge in the spring. But couch, bindweed, nettles, docks, thistles and all the other perennial horrors must be eliminated completely.

Second, since asparagus is a long-term investment, there is no sense in starting it if you are likely to be moving home every few years. It also takes up a fair amount of room: At least 40 sq ft for 30 plants, which is about the minimum to give worthwhile supplies for a small family.

There is little difficulty in growing asparagus. It is fully hardy, very strongly rooting, not much afflicted by diseases and tolerates a wide range of soils provided they are fertile. It can be grown perfectly well in flat beds but there is a good deal to be said for the traditional method of making a raised bed by marking out a strip four feet wide and throwing on to it soil from each side, so making slightly-sunken paths and a bed about six inches above the natural ground level. This gives a clearly demarcated bed with good drainage and an extra depth of soil.

A bed four feet wide will accommodate three rows of asparagus plants with 15 inches between the rows and nine inches between the outer row and the path on each side. The plants themselves should be at least a foot apart in the rows and be covered with three to four inches of soil.

A peculiarity of asparagus is that there are male and female plants. The latter produce red berries from which seeds are scattered and may germinate so, in time, crowding the beds with unwanted seedlings. The male plants give the most, as well as the best-quality, asparagus. So, traditionally, growers have tried to eliminate the female plants, which can be identified in their second year from seed.

But now it appears that a short cut is possible, since a new variety named Lucullus is said to produce male plants only when raised from seed. Presumably, one- or two-year-old plants of this, or other all-male varieties, will in time be available from garden centres and seedsmen; but, at the moment, I know of seed availability only from Marshalls of Wisbech, Cambridgeshire.

Asparagus seed can be sown outdoors in April directly in the bed in which it is to grow permanently, or in a seed bed from which it can be transplanted a year later to the permanent bed. The alternative method of starting is to buy one- or two-year-old plants and there is considerable controversy as to which is the better age, since one-year-old plants move with less root damage and consequent check to growth, but two-year-old plants give a rather quicker return. Personally, I favour the yearlings.

Whichever age is chosen, planting should be done late in March or early April. Some firms will not accept orders after the end of February. It is important that roots should not become dry and brittle while out of the ground.

After that, is really is a matter of waiting patiently and keeping the bed clean and well fed. The second year after planting, or the third year after sowing, a few spears of asparagus can be cut between the third week in April and the middle of June. The following year cutting can be heavier and, in subsequent years, all available spears can be cut; but always stopping in mid-June so that there is plenty of time for the plants to make a lot of growth and leaves to manufacture food and maintain the strength of the roots.

Every spring the asparagus bed can be well mulched with manure and rotted garden compost and also given a scattering of a compound fertiliser, preferably one with a high nitrogen and potash content and only a moderate amount of phosphates; but I would use the well-balanced Growmore with its 7:7:7 formula, rather than nothing at all. It has the merit of being reliable, priced reasonably and easy to obtain.

The one other necessary annual operation is to cut off all top growth in the autumn, but this should not be done until the leaves have turned yellow and are no longer making any food.

Slugs are the pests most likely to damage the young asparagus shoots, and they should be controlled if necessary with one of the slug baits containing metaldehyde or methiocarb. The black and yellow asparagus beetle may feed on the plants from May onwards and its dark grey larvae may join the attack in late June or July. Both can be killed with derris.

Profit from playing soldiers

Box of Horse Guards, c 1900, in toy soldier exhibition at the London Toy & Model Museum

COLLECTING

JUNE FIELD

A SOLDIER stands on guard, rifle held at the ready, bayonet fixed. Zulus fling themselves against regiments of British soldiery in full dress—Guards, Highlanders, Fusiliers, Infantry of the Line, and Royal Scots Greys. A fortress bristles with cannon.

This stirring, if unrealistic, scene is in the entrance to a staid Victorian house in Craven Hill, London, W2, off the Bayswater Road; an impressive prelude in miniature to *On Guard*, the toy soldier exhibition at the London Toy and Model Museum (open Tuesday to Saturday 10-5.30; Sunday 11-5).

The extraordinary array features the products of British manufacturers since 1893, when the firm of Britains first started to make hollow-cast metal figures, up to those of the 1960s, such as the Eaglewall plastic figures of Dan Dare and his space commandos from the comic *Eagle*.

Most of the remarkable collection belongs to the exhibition organiser, historian and author James Opie, a member of the Royal United Services Institute, finalist in the National Wargaming Championship, consultant valuer to Phillips the auctioneers, and a stock controller at W. H. Smith.

Opie started his collection in 1948; by the late 1960s it numbered 30,000, but since then he has stopped counting. He began with 12 home-made solid lead cavalry, and his first proper toy soldiers were a box of Britains' second-grade painted figures including Infantry of the Line on Guard.

"For a boy actively setting out to play at wars, the on-guard position was equally useful for close-quarters work and for long-range rifle fire. With their spiked helmets they could also do duty as Germans. Later, they went on campaign against the Zulus," he says.

The excellent exhibition catalogue (£1.95 from Allen Levy, who runs the London Toy Museum, 23, Craven Hill, London W2) details the background of toy soldiers in gun teams, the trenches, and in the air.

You can read about some of the exploits of the regiments of the Indian Army (the 1st Madras Native Infantry and the Bikanir Camel Corps); the memorable greats of the Sudan campaigns (Gordon of Khartoum and Kitchener); and even the Boxer Rebellion of China during 1900 when, for 55 days at Peking, the international legations were under siege by an anti-foreign secret society backed by the dowager empress.

The boom in collecting toy soldiers started late in the 1960s with the phasing-out of lead soldiers. No longer in commercial production, they began to acquire a rarity value, and have shown a steadier appreciation in value over the past three or four years than any other kind of collectors' items.

New records were set by the sale last May of the collection of the late John Hanington, a private army of 24,000 soldiers fetched £203,790 at Phillips—twice the expected figure. Britain's boxed set of nine Royal Fusiliers—which, when first sold in 1894, cost two shillings—went for £3,800 to a Texas lawyer bidding by telephone.

Phillips, of course, are strongly identified with toy soldiers as their publicity consultant, Peter Johnson, with his wife, Anne, is also curator of the Forbes Museum of Military Miniatures in Tangier, Morocco, which houses nearly 100,000 figures. And Johnson's book *Toy Armies* (Batsford £9.95) describes how American publisher Malcolm Forbes began it all with a box of worse-for-wear U.S. First World War doughboys bought at auction.

The world record price for a single toy soldier still remains at £260 for a Britains' camel corps trooper worth 2d in 1910, which was in the Phillips' sale of the late Len Richards' collection in 1981.

Pieces can be bought between £20 and £50, but they often have some damage. At Phillips last November a set of 14 16th Lancers, 1910, by Heyde, were in this bracket, but a few of the lance heads were bent; and in some of Britains' sets of the mid-1930's there were a few missing arms and legs. (Phillips are holding seven sales of toy soldiers this year.)

To swap, buy and sell with other collectors, join the British Model Soldier Society (hon. treasurer Ian Webb). Subscriptions are £5 for adults, £2 for juniors (over 12 but under 17), to the BMSS, 35, St John's Road, Chelmsford,

Lots of money and a gaggle of wives

CRICKET

TREVOR BAILEY

FOR THE past month, I have ben living in the same hotels as the England team and have watched them win the one-day series, and take a commanding lead in the Tests against India. It is a pleasure to be able to report that they have shown considerably more character than many of our recent touring sides, enabling them to raise their game and play above their potential.

It has been especially interesting for me because, seeing them individually and collectively both on and off the field, I was able to make a comparison with the overseas teams I had toured with. Some aspects clearly have changed but others have remained exactly the same.

The biggest difference is financial. A player, like Paul Downton, who was in all the Tests and one-day internationals last summer and has been picked for this (four-month) Indian tour, will have earned approximately £20,000 plus all expenses. In addition, he will have ben paid about another £9,000 by his county.

Even taking into account inflation, and ignoring the numerous perks and extra-curricula rewards now available this does compare rather favourably with by £450-a-year salary as secretary of Essex and my £200 for a six-month tour of Australia.

Increased rewards combined with the increased number of tours—David Gower will have been away for the past seven consecutive winters—makes the players independent financially much earlier and this, which was accelerated by the Kerry Packer World Series, has increased their power greatly. Conversely, it has reduced that of the game's administrators (though not to the same extent as in international tennis). In Australia, it has produced an unhealthy lack of discipline, but this does not apply to the England party in India.

Because cricketers are able to earn so much more these days—though nothing approaching the huge sums available in the individual sports—they can afford easily to take wives with them for part of the tour. In my time this was not only discouraged by the MCC (though not to quite the same extent as the Australian Board of Control, who would not allow wives to stay in the same hotel) but economics made it comparatively rare.

A gaggle of wives, especially if accompanied by kids, tends to make a manager's job more difficult. I remember Alec Bedser was not too impressed when one of his fast bowlers, whom he felt should have been breathing fire and destruction, arrived in Sydney carrying a baby and a toy koala.

On this tour, however, where there is less social life, I think the wives and girl-friends have been an asset (borne out by the results).

Other differences these days are limited-over matches, which are attracting large crowds; the shine (on the ball) which now lasts so much longer; more-athletic ground fielding—though the catching does not apear to have improved noticeably, at least judged on the five matches I have seen out here; and far more officials. I went to the West Indies, which is a very hard tour from every angle, under a "player-manager," Charlie Palmer, who had never provisionally managed a tour, nor been to the Caribbean.

Paul Downton

I am pleased to say that several things have not changed. First, there is the pure joy and elation every player feels, whether in the team or not, when England win overseas. It means so much more than when it occurs at home, and is especially exhilarating after a tough tour that started badly.

Second, there is the satisfaction of proving the critics wrong. When first I went to Australia, I was written-off as a failure before the tour had started; so I can appreciate the feelings of Fowler, Robinson, Gatting and Foster, in particular, who have demonstrated so well that they are much better than some people believed.

Third, the same tendency remains to be suspicious of all umpiring decisions. Batsmen on tour never believe they are out and bowlers, a biased breed, invariably are convinced every lbw was plumb and every snick a catch.

Finally, there is the satisfaction derived from being part of a close-knit team who have been able to pull out that little extra when it was most needed and have come out on top.

What can we do about hedgehogs?

COUNTRY NOTES

JOHN CHERRINGTON

A MINOR accident has been keeping me housebound in a state of fuming frustration. I have nothing to do, once reading and writing pall, but watch the birds making use of the feeding facilities we provide. We actually have two feeding areas; outside the kitchen window, where edible scraps are flung, and a formal bird table in the garden.

The kitchen area used to be where the farm cats topped up their expensive tinned luxuries but they went wild and return only occasionally, preferring to spend their time in the barns or the fields. Their place has been taken by the coarser feeding birds: magpies, jays, jackdaws, rooks, starlings and, of course, sparrows.

Then, one evening I heard a dish full of chop bones being moved. I crept out the back door with a stick and torch, hoping to settle the rat, only to find a couple of hedgehogs enjoying a feast. They took no notice of me or the torchlight until I was very close, and then waddled off. During the summer they are often given a saucer of milk and become very tame.

There is a theory that hedgehogs are good things in the garden, eating slugs and suchlike, but no one has to my knowledge come up with evidence to support it. My theory is that if you feed them, as my wife insisted on feeding the farm cats, hedgehogs rely on this provender. If they go for anything else, it is only for sport.

I read once that the motor vehicle would make the hedgehog disappear because, when it hears a car approaching, it rolls into a ball and is run over. Quite a few can be seen mangled on the highways, but there are plenty about still and I have often seen them dash across the road in the car lights.

Gypsies are said to eat them baked in a clay dumpling which, when broken, removes the prickles. I have never tried one but in South America I tasted armadillo, a rather similar creature which, baked in its carapace, was a pleasant change from the eternal puchero or boiled beef.

The front garden bird table is an altogether more formal arrangement. The table is topped by a nest box where nothing ever has nested, although one a few feet away was taken over by tom tits as soon as I hung it up. There is an artistic stone bath, which an energetic blackbird can empty in, literally, half a dozen shakes; a smaller drinking basin; and, hanging from the table or a nearby bush, samples of the wire contraptions in which we put peanuts.

We use the table itself for what might be called the common fare; breadcrumbs and suet. The small birds don't get much a look in with the bigger birds such as rooks and magpies keep them off.

There have been none of the rarer birds yet; the sparrow hawk which patrols the hedge 50 yards away has not come any closer. The other day a covey of French partridges arrived. They took no notice of the food provided but made a dead set at the lavender, nipping off the leaves with gusto. A cure for avian halitosis, perhaps?

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Saturday January 26 1985

Jilted by the City markets

IT USED to be Lord Wilson, when he was plain Mr Harold Wilson and Prime Minister, who accused the financial markets of selling Britain short; but television viewers on Thursday night were offered the surprising sight of Mrs Thatcher, once the heroine of the Square Mile, saying much the same thing in different language.

She complained that the market puts much too low a value on sterling; and on Thursday it emerged, from one of those embarrassing leaks the French enjoy perpetrating so much that it was Mrs Thatcher in person, rather than any group of central bankers, who initiated the joint intervention which left the currency markets nervous and rather sluggish all week. It is an unlikely fate for the great apostle of market disciplines and even unlikelier in the week when her triumph over the militant coalminers seemed imminent. Finally, last night, sterling fell after perfectly good trade figures were published.

What has gone wrong? There is no doubt any more that there is something wrong. Earlier in the week a White Paper announced an intended three-year squeeze on public spending—something for which the City used to agitate continuously—was greeted with general incredulity, and little politeness. Greenwell's, whose senior partner, Mr Gordon Pepper, was once reputed to have Mrs Thatcher's personal ear, issued a bulletin reproaching the Chancellor for suggesting that the sterling crisis might require a tighter Budget than he would otherwise have wished. Within a day or two Phillips and Drew, another major firm which has normally been quite supportive, commented that the Government was "drifting off-course." Meanwhile, the gilts market, by demanding high insterest rates on government debt, is undermining the Government's strategy: this will inflate public spending.

The City has a few selfish motives for grumbling which ought at least to be noticed in passing. It is being shoved rather hurriedly into a partly unknown future: the one certainty is that the fixed commissions which have made so many brokers rich are going. There is a good deal of argument about how the change is being managed.

All this may account for a less starry-eyed mood; but the lack of confidence in UK assets is based on something more serious. City analysts, who are paid to excavate the facts behind any financial facade, have become increasingly aware that the Government's actions bear less and less relation to its published startegy. Money figures produced by buying private debt off the market, public sector borrowing figures reduced by seemingly hasty and ill-considered sales of public assets, do not inspire confidence. Once investors have seen through one distortion, however innocent, they always suspect something worse.

This is not, of course, the kind of crisis of confidence which greeted Mr Wilson's second term 10 years ago. At this time in 1975, the market was near the bottom of the most precipitous fall in its history, with widespread talk of the collapse of capitalism. This time round the equity market clearly, strongly approved of the covert easing of policy by the Government, which has helped profits to rise as fast as sterling has fallen.

What the numbers are saying is not that the system is under strain, but that it may start behaving in an inflationary way again: the market is buoyed simultaneously by higher profits and something of a flight into real assets. Equity values, property prices and the Government's own indexed stock are strong. Sterling and fixed-interest assets are weak.

As a short-term judgment, with inflation still low and the miners virtually beaten, this must seem a perverse fear. The Government probably has a better hope of seeing a slowdown in the rise of domestic costs than at any time since it took office. As a longer-term warning, though, the market could be right—especially about sterling.

Non-oil balance

The root of the problem is oil—not the modest fall in price which may or may not be confirmed by Opec next week, but our own production of it. The oil price worries have concentrated a good deal of attention on to a fact which might not otherwise have undermined sterling until next year. Britain's oil production will soon be peaking and will then begin a gentle decline. At that point the slide in Britain's non-oil balance must be arrested, or it will really be in trouble.

We think these worries are greatly exaggerated. They overlook not only the income from the large overseas investment which Britain has made since 1979, but the large benefit industry is alrady feeling from the fall of sterling up to now. They also overlook the speed with which the current account will improve once the big power stations can burn as much coal as they like. But the Government could help its market image most by discussing all thes facts, and the policies it is really pursuing, openly and frankly.

UK COAL STRIKE

Mr Arthur Scargill: confident, determined and now grim-faced as the options run out

The week the miners had nowhere else to go

By John Lloyd, Industrial Editor

THE MINEWORKERS' strike, as a living entity with some sap left in it, is over. The final moves are of vital, perhaps paramount, importance: but they are the end game.

Mineworkers, marching now across dwindled picket lines, often tell TV and radio interviewers that they "can't see the point of it any more" or feel "this is the only way it'll end." One young miner, crossing the line at Kellingley in North Yorkshire on Tuesday morning, told his questoner "I'm sick, I'm sick to death. I support the strike, I just can't stand it any more." Three days before, he had been on the picket line he was crossing.

Dennis Murphy, Northumberland miners' President, a man ferocious over the past 11 months in his prosecution of the strike, says: "Ye canna call these lads scabs any more. Not when they've been out 11 months." It is a canny judgment as well as a dispirited one: one third of Mr Murphy's members are back at work, and he will have to live with them afterwards.

But what kind of conclusion will it be? Humiliation or dignified retreat, as some now see it? Clear, honest settlement or wet fudge, as others perceive it? And what can we glimpse of the consequences?

The events of the last two weeks help illuminate one of the central issues. On Tuesday last week, at a Coal Industry National Consultative Council meeting, the two management unions—the British Association of Colliery Management (BACM) and the pit deputies' union Nacods—urged Ian MacGregor, the NCB chairman, to re-open talks with the NUM.

Ken Sampey and Peter McNestry, the two clever and emotional men who lead the deputies, walked out in theatrical disgust after ten minutes: Alan Wilson, BACM's secretary, stayed to press his case. Humiliation of the union, he told Mr MacGregor, should not be on his agenda, nor the Prime Minister's.

Mr Wilson got no public assent for his propositions, nor did he expect any: but his thrawn and moderate rationality has always cut ice with the Board, and he believed it did so then.

The next day, at a meeting of the Coal Industry Social Welfare Organisation, the three miners leaders—Arthur Scargill, Peter Heathfield and Mick McGahey — talked at some length to Ned Smith, the NCB's industrial relations director. Smith and Heathfield agreed, privately, to meet on the following Monday: their talks would be "about talks."

The meeting was cleared through Mr MacGregor, who had been impressed by Wilson's arguments sufficiently to allow what he understood to be a no-commitments probe to go ahead. Ian MacGregor, contrary to the "butcher" tag which Arthur Scargill has with some success hung round his neck, is a man easily swayed by his associates. Besides, he did not know (though he might have suspected) that Ned Smith was after something greater than a mere acquisition of information.

Mr Smith retires from the NCB at the end of next week, at his own request. A former miner, he has already clashed with his chairman and with Jimmy Cowan, the deputy chairman, over the conduct of negotiations

He has become increasingly convinced that the Board has thrown away the chance of getting a negotiated settlement: that only he, with his deep knowledge of the individuals and the issues, could do so: and that he could pull off such a settlement before he retired.

His conversation with Peter Heathfield in the Cavendish Hotel on Monday produced a considerable degree of understanding: fundamentally, that the Board, for its part, would continue to seek closure of uneconomic pits and that the union would continue to be

Mr MacGregor pulled on the reins—very hard

opposed to such closures in principle, and often in practice, though it acknowledged that the cost of production would be a factor when a pit's future was under review.

The 4m cut in capacity and the closure of five named pits were in practice a dead duck for the immediate future—but a final agreement could not say so. Mr Heathfield would present a report on these understandings to the executive on Thursday: if it was agreed that talks could proceed on that basis, they would begin early next week.

But Mr Smith had gone far too far. The NCB on Monday night said the talks had "produced nothing." The briefing of political reporters was in the same terms. But Mr Scargill's claim, after a meeting with the TUC, that they had been "useful and constructive" was much nearer the mark.

By Tuesday, an embarrassed Board was having to concede the meeting might have more substance than it had, at first, thought. By Wednesday, it was put about that Mr Smith had overreached himself. By Thursday, in the middle of an executive meeting in Sheffield desperate for talks, which had already ratified the Smith-Heathfield understandings, a statement from the Board was issued which said:

- The NUM must give a "written indication" that it would "help resolve the problem of uneconomic capacity."
- The union "must recognise that the management must deal with the problems of uneconomic capacity."
- The union should "co-operate in this essential task" (of closing loss-making pits).

Mr MacGregor had pulled on the reins at last — very hard. The Prime Minister, appearing later that night on television, backed him: "Let's get it written down. I want it dead straight, honest and no fudging." She made it clear that the third party review of pit closures, provided for in the Nacods settlement last October, would not impede the Board's right to manage. No doubt the Prime Minister had stiffened the chairman's resolve: but he had himself objected to Mr Smith's initiative before the Thursday statement.

The importance of these events is this: that there exists, and has existed throughout the dispute, two main currents within Government and the NCB. One, strongly favoured by the Board's senior, consensual-minded officials, their Energy Department counterparts and, at least at times, Mr Peter Walker, the Energy Secretary, and Mr David Hunt, his Coal Minister, is that a negotiated settlement should result in a clear statement of the Board's right to manage and close loss-making pits, but not what could be seen as a public humiliation.

Mr MacGregor and the Prime Minister, together with their advisors (some of whom are common to both) have a different aim. That is to ensure that the end of the dispute makes it wholly clear that "Scargillism" which they define as a mixture of industrial co-ercion allied to revolutionary ambitions, must be seen to fail, and fail utterly.

These two strands of thought and practice have coincided often—on the need to close loss-making pits, on management's right to manage, on the desirability of encouraging miners to return, on praise for the Nottinghamshire and other working miners. Now, though, as the stakes for the future have been raised, their essential differences have come to the fore. Naturally, the Prime Minister and the Chairman of the Board have won out.

For the demoralised mineworkers' executive—which is, however, conducting a more orderly retreat than the NCB is handling its advance—it is now becoming painfully clear what they are being asked to swallow. None are under any illusions as to the weakness of their position: they are aware that they cannot hold their men, though some believe that a very large minority might stay out indefinitely if no settlement is reached, and all cling to the belief that the puond's fall (so advantageous to their dollar-denominated funds in the Luxembourg bank) began on the picket lines. They also have their pride. But that, as they know, comes before a fall.

The size of the fall is (roughly) this. They will have to agree to give, in writing, a guarantee that they recognise the central importance of uneconomic pits, and that the management has the right to

The strike has been a disaster for Labour movement

tackle them. In the course of the negotiations themselves, they will have to forego any unambiguous promise from the Board that the cut of 4m tonnes of capacity, or the closing of the five pits, are wholly withdrawn; that in some way, the Board will now write in that pits will be reviewed with an eye to how much they are losing among other factors; and that once the negotiations are over, Mr MacGregor can blink one more time into the TV cameras and say words to the effect of: "With this piece of paper, I can shut loss-making pits."

It is a huge amount to accept in one go, for an executive and especially for a President, who were sustained, up to Christmas, by the chant "We will win, we will win, we will win." They may not be able to do so: especially since it is now clear they will be given no spoonfulls of sugar to help the medicine go down. Worse, they may not even be able to insist that the many hundreds of men dismissed for alleged or proven criminal acts against NCB property be re-instated—as they have always said they would.

There is no doubt that the next round of talks—if there is to be one—will be the last: but its outcome need not be agreement.

Looming over the whole issue, as always, is the powerful driven figure of Arthur Scargill—can he slough off a lifetime of doing exactly what he has said he would do (for that is how he has behaved throughout this strike) and make the compromises he has always anathematised?

It is a great question for the next few days, but there is no doubt as to the final outcome. The failure of the 1984-85 mineworkers' strike to deliver what its leaders promised—stopping dead all attempts to impose the disciplines of profit and loss on the mining industry—will now have to be absorbed by the country; for none will this be a more bitter exercise than the Labour movement.

In 1926, when the General Strike was called off after a little more than a week and the miners fought on alone, the movement had at least staged something. The Labour Party leader Ramsay MacDonald was spared the epithet of traitor because no one expected him to do much anyway. Now, the labour movement has done, in one sense, much worse: it has promised to assist and has done almost nothing; it has called on its forces and they have not marched; it has been fearful, distrustful, of the elemental force of "Scargillism" and has muttered its fears behind its hands.

All of these have occurred for wholly understandable, even "good" reasons; they will be terrifically damaging.

It will not, however, mean the end of Labour in either its industrial or political forms. The leverage which many powerful groups of workers still possess will not be sensibly diminished by the miners' strike. Labour's heartlands remain its heartlands.

The miners' strike has been a disaster for the Labour Movement, of course: yet it can survive, even profit from it, if it observes one of the great merits of Scargill and Scargillism. That is, when he uses rhetoric he means it, when he has a policy laid down by his conference he attempts to carry it out.

Thus the Labour movement, its windbag militancy inflated to cover electoral weakness or plain confusion, was challenged by him to deliver on its promises. It could not. Further, Arthur Scargill's determination to stick rigidly to union policy and oppose pit closures caused his own ranks to split. The resulting lack of support inside and out of the union doomed the strike.

Those who pass resolutions, frame policies and make speeches in the Labour movement from now on may remember Arthur Scargill, and what happened to him, his union and the movement, when he took them seriously.

Beyond that, it would be dangerous to draw such conclusions as that the unions in general, and the NUM in particular, were now perpetually neutered as it was to draw the conclusion, 10 years ago, they were perpetually cocks of the walk.

Letters to the Editor

Airport policy

From the Chairman and Chief Executive, Britannia Airways

Sir,—In a most interesting and thought provoking article (January 16) your Aerospace Correspondent cogently discusses the dilemma facing the Government in deciding its airport policy. With respect though, I suggest the writer has fallen into the trap of looking at all the London area airports as being fully interchangeable. There is a great deal more to the London airports system than that of providing capacity to satisfy total volume. Account needs to be taken of the consumer. He should be recognised as "king"; he is the passenger and his needs must be satisfied.

Low-cost leisure travel already accounts for over 80 per cent of all international air travel from the UK. Esentially, the passengers on scheduled and and charter flights to European/Mediterraniean holiday destinations are already indistnguishable. Passengers for these destinations demand to travel from their local, regional airport. To the holiday maker, Gatwick, Stansted and Luton are their local airports and are not inter-changeable.

To banish whole 'plane charter flights from Gatwick will deprive the passenger of a service which he demands, given a free choice over most of the major departure points throughout the UK. This was done at Heathrow, a catchment area which certainly, to some extent, overlaps Gatwick, with the twofold result that passengers wishing to use Heathrow have been deprived of a service and have been left with the alternative of part charter. Ae a result, significantly more British passengers are now flying by foreign airlines than would be the case if the whole 'plane charter alternative was theirs.

To squeeze low-fare leisure charter passengers from Gatwick would be of far greater consequence both on the choice of the consumer and on the clearly be directed to Stansted with little or no implications in the categories of private, cargo and particularly foreign originating charter flights.

Clearly, consumers and airlines attempting to satisfy those consumers wish to see the maximum development at both Heathrow and Gatwick before development at Stansted.

D. H. Davison.
Luton Airport, Beds.

M40 motorway extension

From Mr J. Sworder

Sir,—The M40 motorway extension first mooted in 1968 has now, according to the Department of Transport "received the green light." Of its planned 57-mile length, from the present end of the M40 to the M42 near Birmingham, it is proposed that the first 11 miles should be dual-two-lane, and the remainder dual three-lane.

Whatever the final alignment of this section around the sensitive Ot Moor, it seems a recipe for chaos later (particularly in the light of the Department's recent upward traffic projections) to pla nfor a construction along 11 miles of what will almost certainly become the favoured alternative to the unloved M1.

Not only will this be for London-Birmingham travellers, but also for international traffic from the Kentish ports (and Channel Tunnel?) to the Midlands and North-West. Such traffic will avoid the cost and ever worsening bottleneck of the Dartford Tunnel by passing to the South of London. The M40 will then beckon before the M1. Surely there are enough planning disasters on this route already with the dual two-lane sections of M20, M26 and M40 on which no provision was made for possible future widening to dual three-lane? Might sanity yet prevail?

Would the Minister review this important M40 extension's design capacity and ensure that it is built adequate for its national and international function provision of third lanes at a later date.

John C. C. Sworder.
Thorpe House,
Fordcombe, Kent

Missing Polish dimension

From Mr R. Erskine.

Sir, — Anthony Verrier's review (January 12) of *The Missing Dimension* refers to *Professor Jean Stengers' essay* "Enigma, the French, the Poles and the British." While Stengers is substantially accurate, he almost certainly goes wrong in one material particular, which is of some historical importance.

Polish deciphering methods for Enigma (bombe and perforated sheets) depended on a German procedural weakness (the double encipherment of the message key). Relying on Polish sources, which may not have clearly stated which Enigma "net" was being attacked, Stengers gives May 15, 1940 as the date on which the Germans stopped using double encipherment on the important Red (German air force) net. Professor F. H. Hinsley, however, in his magnificent series *British Inteligence in the Second World War*, states that the change took place on May 1 (vol 1, p 109). Bearing in mind that the German offensive started May 10, Stengers date is more than a little unlikely: the middle of a battle is not the best time to change basic cipher procedures.

The date is of real significance in assessing the value of the Polish assistance to the British work on Enigma (where Hinsley is not so strong). The British the Polish contribution made an indispensable contribution to that work. Countless thousands of people, on both sides of the conflict, therefore owe their livse to three relatively unknown Polish cryptanalsts and their British counterparts at Bletchley Park.

Ralph Erskine.
25, Hawthornden Road,
Belfast, NI.

Weighing up the pensions risk

From Mr T. Arthur.

Sir,—Lex on taxation of pension funds (January 21) is about par for the course on misconceptions and non-sequiturs; as usual the starting point is that all the various tax reliefs are "privileges."

While I view all taxation as theft and all reliefs as the return of the resorces to their rightful owners, that is not the plank on which I wish to, or need to, argue: the narrower view of fiscal neutrality is quite sufficient.

Lex refers to unwinding financial distortions, striking a balance between fairness of taxation and preservation of the pension fund industry, and so on. But what elements of the present system represent unfair distortions?

The tax-free lump sum is certainly one, but Les dismisses this as a candidate for reform on the grounds that the commitment to avoid retrospective change (a commitment which surely is fair) would make "first year revenue disappointingly small." Thus fairness is subordinated not to preserve the pension industry but because being equally desirable on the grounds of fairness but dismisses this one as being too thorny. In fact why is it fair, given the taxation of the ultimate pension? Taxation of both input and output would put pension funds at a disadvantage to virtually all other savings media including life assurance. Yet this is what taxation of contributions involves—as is easily seen by assuming that all contributions are payable by members with the company "contribution" taking the form of a salary rise (financially neutral in every way).

Thus Lex arrives at the only remaining possibility—taxation of investment income which he again implies would contribute towards fairness and neutrality. Why? If considered against the alternative of pay-as-you-go, then assuming that pensions paid out of revenue are allowable as a management expense, has anyone shown that advance funding is financially superior? Or is it that tax relief is required to make advance funding merely neutral as against pay-as-you-go?

If alternatively considered against other personal saving media, taxation of investment at normal rates would certainly put pension funds at a disadvantage compared with life assurance (where the rate of roll-up is by no means fully net and often largely gross) and probably also compared with most other savings media unless capital gains are to be treated differently from income.

It is not only "fiscal opportunity costs" which render the figure of £6.5bn a cast overstatement of pension funds' tax privileges!

It becomes almost incidental to ask one further question. Under taxation of investment income, how would retrospective effect be avoided, not only in respect of contributions previously made but also (using the analogy of last year's removal of life assurance premium relief) in respect of contracts or arrangements pre- [illegible] before? No doubt some fair as opposed to expedient solution will be found!!

T. G. Arthur.
40-43, Chancery Lane, W2.

Aspirations and candidates

From Sir Peter Vanneck

Sir,—I cannot concur with Lord Whitelaw's comparison (in your interview of January 19) between candidature for an election to the House of Lords, and to the European Parliament. His cynicism about those who aspire, or have aspired, to Westminster is sadly true.

But there are also those, from 1979 until today, with more idealistic aims who should not be so lightly passed over. I can think of many of us, already successful enough in our past careers, not wishing to take part in the sometimes misunderstood activities of the Lower House in Westminster, but hoping to help our party and our country in the increasingly important forum at Strasbourg.

(Sir Peter Vaneck.
PO Box 560,
London SW7.

Them and us

From the Managing Director, Thomas Christy

Sir,—I read with astonishment your article on the Back Page of January 16 in respect of the exemptions from income tax granted to tax inspectors and other civil servants.

This highlights, yet again, the hypocrisy of the attitude of the Revenue towards round sum allowances when made in the private sector.

My understanding is that such lump sum allowances for disturbance and other purposes are subject to tax in the hands of the recipient. This is an interesting contrast to their treatment in the hands of a civil servant.

F. P. L. Manson.
Christy Estates

BASE LENDING RATES

A.B.N. Bank	12 %	Hong Kong & Shanghai	12 %
Allied Irish Bank	12 %	Johnson Matthey Bkrs.	12 %
Amro Bank	12 %	Knowsley & Co. Ltd.	12½%
Henry Ansbacher	12 %	Lloyds Bank	12 %
Armco Trust Ltd.	12½%	Mallinhall Limited	10 %
Associates Cap. Corp.	12 %	Edward Manson & Co.	13 %
Banco de Bilbao	12 %	Meghraj and Sons Ltd.	12 %
Bank Hapoalim	12 %	Midland Bank	12 %
BCCI	12 %	■ Morgan Grenfell	12 %
Bank of Ireland	12 %	Mount Credit Corp. Ltd.	12 %
Bank of Cyprus	12 %	National Bk. of Kuwait	12 %
Bank of India	12 %	National Girobank	12 %
Bank of Scotland	12 %	National Westminster	12 %
Banque Belge Ltd.	12 %	Norwich Gen. Tst.	12 %
Barclays Bank	12 %	People's Tst. & Sv. Ltd.	13 %
Beneficial Trust Ltd.	13 %	Provincial Trust Ltd.	12½%
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Perm'nt Trust	12 %	Royal Bank of Scotland	12 %
Cayzer Ltd.	12 %	Royal Trust Co. Canada	12 %
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	12 %
■ Charterhouse Japhet	12 %	Standard Chartered	‖12 %
Choulartons**		Trade Dev. Bank	12 %
Citibank NA	12 %	TCB	12 %
Citibank Savings	†12 %	Trustee Savings Bank	12 %
Clydesdale Bank	12 %	United Bank of Kuwait	12 %
C. E. Coates & Co. Ltd.	12½%	United Mizrahi Bank	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		
■ Hill Samuel	§12 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 8.75%, 1 month 8.50%. Fixed rate 12 months £2,500 8.75% £10,000 12 months 9.00%.

† 7-day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¼%. £50,000 and over 10¼%.

‡ Call deposits £1,000 and over 8¾%.

§ 21-day deposits over £1,000 10%.

‖ Mortgage base rate.

§ Demand deposits 8¼%.

مكاتب الاعمال

Row over water charges

Thames swims against the tide

By Richard Evans and Walter Ellis

...hits the headlines—except in times of drought, or threatened disruptions. But it is about to enter the political arena in a conflict that could have far-reaching implications for the Government and for other nationalised industries.

The immediate row is between Thames Water, headed by Roy Watts who was brought in by the Government from British Airways nearly two years ago to make the country's largest water authority more efficient, and Ian Gow, the Environment Minister responsible for the industry.

But behind the Department of the Environment's policy lies the tight network of controls imposed on the industry by the Treasury, which simply cannot afford to let Thames off the hook if the Government is to stick to its hard-fought plans to curb public sector borrowing.

At issue are both the extent to which the Government has a right—moral or legal—to force up prices beyond the industry's needs and the basis on which the authority's balance sheet is to be compiled.

The new financial targets laid down last autumn mean that Thames will have to increase charges to its 11m customers in London and the South East by 10 per cent from next April.

The Government is seeking higher profits and debt repayments to help pay for increased investment and to reduce demand on public sector borrowing.

The average current cost rate of return on assets is to go up progressively from 1 per cent at present to 1.9 per cent in 1987-88. This, the Government argues, compares with a return of 2.75 per cent for electricity supply and 4 per cent for gas.

All water authorities' borrowing is to be reduced in rapid stages, but in the case of Thames the reduction takes the form of an earlier repayment of debt—£81m in 1985-86 compared with £18m proposed by Thames.

This is because Thames inherited very little debt in relation to the current value of its assets, which are generally in good shape because of London's supportive clay base and the magnificent easy-upkeep sewers built by the Victorians.

With enforced payment of its £323m loans, Thames could be debt-free in three years—rapidly followed by some other water authorities.

Since 1983, it says, when Mr Watts was appointed together with a slimmed-down board, to run the authority along the lines of a commercial company, productivity and profits have each risen by more than 20 per cent.

A fact-sheet from Thames this month states boldly that the authority is now more profitable proportionately than ICI or Marks and Spencer. "On a cost base of £300m," it says, "Thames generates £200m cash, sufficient to finance its growing capital programme, pay back all loans due and yield £85m profit for Government."

Thames says that, with an increase in charges of only 3 per cent for 1985-86, it can generate income of £471m. This would allow it to meet all its own overheads, allocate £126m to capital investment programmes and still repay £18m in loans.

The Government, in seeking a 10 per cent price rise, is looking to an income of £505m, capital investment of £114m and a debt repayment of £61m.

One of the questions being asked by Thames is why the Treasury continues to insist that public utilities use current cost accounting. Now that inflation is more or less under control less attention is paid to CCA in the private sector. Mr Watts notes that British Telecom switched back to historic principles the moment it moved out of public ownership.

Using historic cost accounting, Thames in 1985-86 expects a return on assets of 15 per cent. The Government, applying CCA, comes up with its figure of 1.4 per cent which helps to justify its demands for increased charges.

Similarly, historic principles give Thames a net asset value this year of £930m; CCA produces a figure of £4.67bn. Mr Watts argues that, in each case, the result is that the authority looks ripe for plucking.

In this case, the Chancellor is undoubtedly pressing for the *accounting method that suits him*. But while companies in the private sector are increasingly ignoring CAA, the Treasury can still argue that it is a more realistic method of accounting than the traditional historical-cost method. The CAA estimate of £4.67bn for Thames' asset value can be challenged but the principle that companies should attempt to value assets at today's prices is harder to refute.

The argument will come to a head over the next few weeks when Mr Gow lays a statutory instrument before Parliament implementing his proposals which, if opposed, will then be debated.

The Thames board is insisting it will go ahead with its planned increase in charges unless Parliament gives legal backing to the Government's initiatives, and there are warnings that the authority will be prepared to take Ministers to court should they seek to avoid Parliamentary debate.

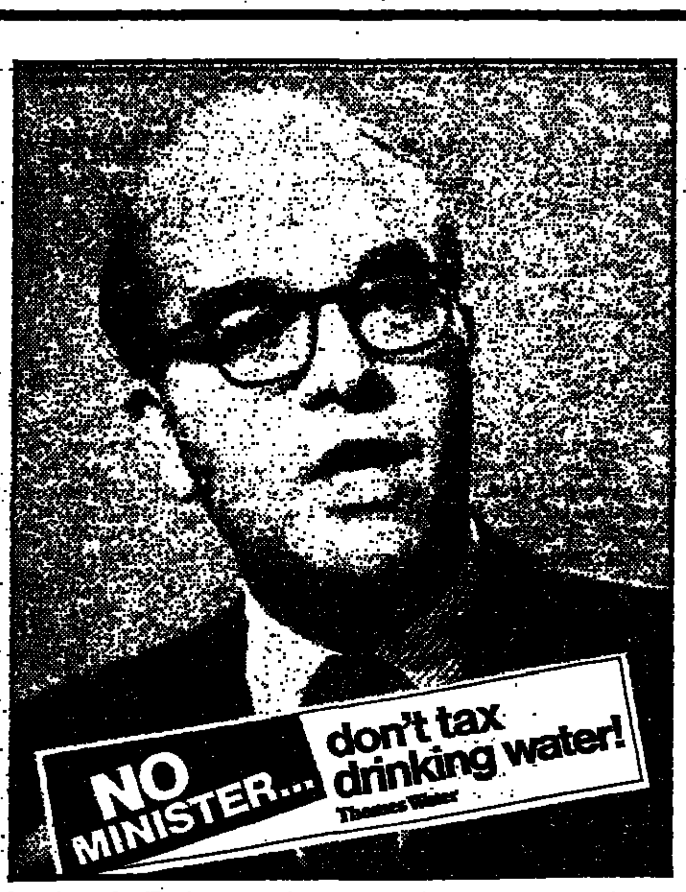
Mr Watts is keen to promote a debate in the belief that the stand his board has taken will be supported not only by Labour and Alliance MPs but by many Conservative backbenchers. There are 149 MPs in the area covered by the authority and 120 of them are Tories.

Tory MPs are beginning to receive letters by the bundle from constituents alarmed at the sharp increases proposed and many MPs are perturbed that a Tory Government, *dedicated to championing the consumer*, is instructing Thames to more than triple its planned charges.

Mr Watts, to his obvious irritation, expects to receive little practical support from the nine other water authorities in England and Wales as they, unlike Thames, are all borrowers to varying degrees. He points out, however, that under the Government's plans all authorities will be expected to repay their debts over a reduced period and will then find themselves in a similar position to Thames.

More substantial support will come from the leaders of other nationalised industries, particularly gas and electricity supply, and from the Confederation of British Industry, which has warned the Government that the sharp increases should not be used as hidden taxation. The CBI argues that at a time when the target is to cut industrial costs, huge increases in an essential commodity like water "must be regarded as a serious blow for manufacturing industry."

Mr Watts agrees that the present dispute is only the start of something much bigger. "The Government," he warns, "has legislation afoot to tidy up the nationalised industries and give it greater powers over their rates of return . . . The other nationalised industries are waking up to this. There will be the mother and father of a row by the autumn." z



Mr Gow, the Environment Minister responsible for the industry

Racal's troubles in the U.S.

Sir Ernest upsets the City

By Jeremy Stone

"THE BIGGEST COMPANY you've never heard of," is the slogan of Racal's recent television advertising, a curious admission of corporate self-doubt from a company whose turnover has grown from £50m to nearly £1bn during the past 10 years. This week there must have been many people around the stock market who wished that they — like the average television viewer — had never heard Racal's name. In just two days' trading, Racal's share price fell by 25 per cent, cutting the company's value in the market by nearly £400m.

For the third year in a row Racal's interim statement had caught the City on the wrong foot, this time coupling news of lower profits—which the market had been more or less prepared for — with the unexpected information that things had gone wrong in its Californian data-communications subsidiary, Vadic. In the words of Sir Ernest Harrison, Racal's chairman, "that's £15m of profit gone out of the window."

The market was not upset only about the missing profits, although former shareholders in Chubb remembered that they had been promised "a good increase" when their company was taken over after a tough battle last autumn—a claim which is being examined by the Takeover Panel. More seriously, followers of Racal had become worried that the succession of unpleasant surprises had gone beyond coincidence.

The new debacle at Vadic had an uncanny similarity to troubles at Racal's Miami company two years ago; in between there was a sudden dearth of Middle Eastern orders for tactical radio, normally Racal's bread and butter. This week, even Sir Ernest admitted that there might be something amiss with the way Racal had managed its operations in the U.S.

Around the City, the question was put in a more wounding style. Racal's misfortunes had done serious damage to the credibility of its management. "When it will happen again and not where is probably now the fairer question," says a note issued by the stockbrokers James Capel. As it is only six months since Racal was showing off Vadic to visiting analysts as a star performer with a spotless record, its rapid reverse does not say much for the quality of Racal's remote control or monitoring from London.

As recently as last August, Racal's decision to make a bid for Chubb was being justified, in part, by the idea that the group was running on a sufficiently even keel for there to be a surplus of management—which could be put to good use in improving the performance of Chubb. That now looks, to many City observers, an over-simple view. Even Racal's energetic deputy chief executive, Mr David Elsbury, cannot be in two places at once. Having parachuted successfully into Milgo, he is widely regarded as a man who can turn an ugly situation round; but he must surely have his hands full, for a while, deciding how to integrate Chubb.

Managing U.S. acquisitions is no easy thing, even with a fair wind. "The loyalty of American executives is only as strong as the share option scheme," explained one analyst yesterday. And in the electronics industry, almost more than any other, the fashion is for executives to be mobile. In the case of Vadic, Racal appears to have been almost too sensitive to the possibility of alienating the original entrepreneurial management: when Vadic's local directors wanted to develop a new class of modems—telephone communication devices—for the crumbling personal computer market, and simultaneously revamp the existing product range, they seem to have carte blanche.

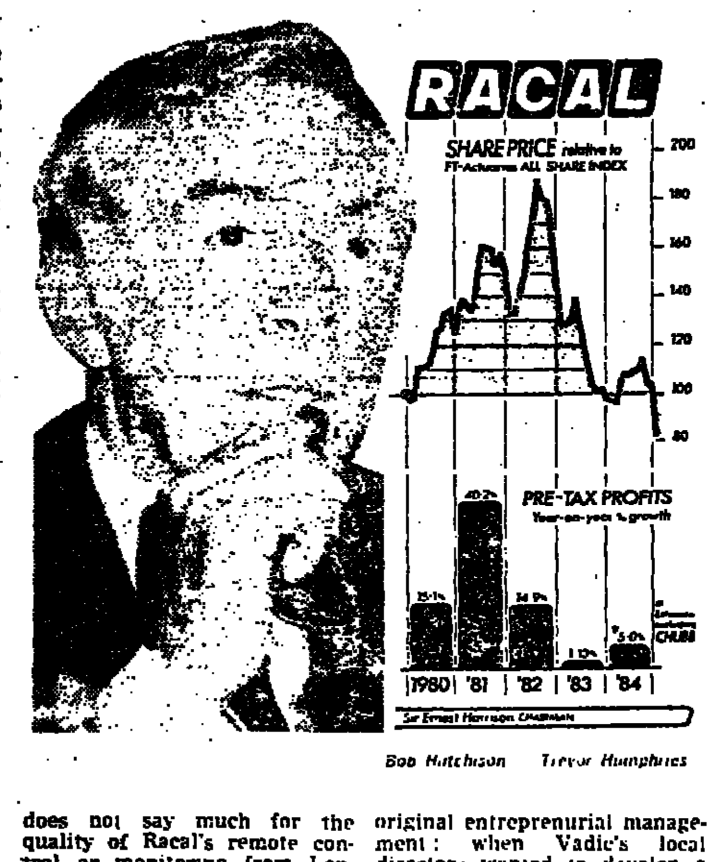
Seen from the City, it now appears that Vadic's problems may constitute more than a hiccough. Unlike those of Milgo, they may not be swiftly sorted out by sacrificing margins and cutting the labour force. It is feared by some that the delay in developing the new range of modems—blamed by Sir Ernest on outside suppliers of a critical micro-chip—may have jeopardised Vadic's relations with distributors. Far Eastern manufacturers, including the mighty Japanese computer producer Fujitsu, have woken up to the possibility of selling large numbers of modems to the U.S. market, so sour customers are not something that Vadic can easily afford.

That is not to deny that Racal has several exciting opportunities for growth in areas outside data communications in the U.S.; and even there, Milgo appears to be back on track, now chastened and determined to look pretty frequently over its shoulder. Potentially the most rewarding chance is Racal's licence for a cellular radio network in the UK; the *front-end investment is heavy* but by the end of the decade Racal could be pulling in £40m or so from its Vodafone network.

Meanwhile, the tactical radio business is reviving somewhat while the order book for large military systems continues to build up quite satisfactorily. It would only take a change in the political fortunes of Racal's Middle Eastern customers for throughput, and margins, to take off: "If the Iran-Iraq war were to be settled, it would put 20p on Racal's share price overnight," one broker said yesterday.

Of course, this week the price—212p last night — has fallen by a lot more than 20p. It would take a little more than a reversal of Racal's repeated ill-luck to repair it. Above almost everything, Racal's market rating has depended on its historically impressive record of growth; in the heady days of the early 1970s profits were virtually expected to double each year and Racal could deliver. Since the purchase of Decca early in 1980, Racal's pre-tax profits have scarcely kept pace with the rest of the market; in the last couple of years, when many UK companies have enjoyed a geared recovery from a recession that Racal escaped, Racal's static performance has been made to look all the more disappointing.

As the brokers Scott Goff Layton point out, it is very hard to grow fast when you are already making over £100m a year. But the market is a very unforgiving place: "It always expects more, and it tends to forget how far Racal has already come." The same applies to several other leading electronics companies in Britain. After this week's shake-out Racal is still valued at about 14 times its likely earnings this year despite all the drama, that still leaves it at a slight premium to GEC and Plessey. But until and unless Racal can reassure the market—both about its capacity to manage and its chance of exceptionally fast growth—its stock market rating will not quickly recover.



Bob Hutchison Trevor Humphries

Weekend Brief

New Quangos for old . . .

THE ADVISORY Committee on Selection of Low-Priced Books is the best sort of Quango. Cheap: It cost the Foreign and Commonwealth Office not more than £1,000 a year to run. Useful: It decided which books were worth subsidising for Third World universities. And, best of all, dead: It was abolished last June and members no longer meet as a committee but, unpaid, receive the volumes by post.

It is not true that the only good Quasi-Non-Governmental Organisation is a defunct Quasi-Non-Governmental Organisation (the definition includes nationalised industries and New Town corporations) but, if there is a case for reducing the numbers, the latest issue of *Public Bodies* brings good news.

In the past year, according to *Public Bodies*, the Quango-spotter's bible (HMSO, £10.50), 50 of them were closed down. Since new ones insisted upon springing up the net loss was only 16; but this was progress in the right direction for the Prime Minister, who has the species as a whole in her sights.

The Committee of Enquiry into the Functions and Powers of the Islands' Councils in Scotland is another ex-Quango. Whatever their functions, the Scottish Office felt clearly that the committee itself had none once its report had been delivered. It was disbanded, at an annual saving of £32,000.

Not long ago, the Committee on Artificial Insemination of Cattle was butchered, at a saving of £16,000 a year. And last July the Inquiry into Human Fertilisation was sterilised, leaving the taxpayer £78,000 pa better off.

For some Quangoes, there is life after death; they are reincarnated under a new name, or merge with a similar body, or are replaced by a Mark II version carrying out the same task. But there is no reprieve for an organisation entitled the Steering Committee on Review of Health and Personal Social Services Works Function and Review Team. Whatever it did, it is to cease doing it in March; despite running to only four members, the committee steered its way through £92,000 a year.

"Probably in 1985" is when *Public Bodies* sees the winding up of the Policy Advisory Committee on Sexual Offences, unusual in possessing more female than male members.

Despite the corpses littering the pages of *Public Bodies*, 1,681 Quangos are showing strong signs of life. The three lucky members and one lucky chairman of the Government Hospitality Fund Advisory Committee for the Purchase of Wine would not give up their duties without a struggle; and the Foreign Office would not begrudge the nominal £1,000 they cost each year.

Whether it is lucky to be on the Advisory Panel on the Importation of Sexually Explicit Films for Health Purposes, only the seven male (to be sexually explicit) and one female members can tell. No cost is stated for this panel but there must be some expenses, if only for postage inviting the advisers to the next screening of a batch of cinematic masterpieces.

Were its 14 members to give evidence to the Tripartite Steering Group on Job Satisfaction (a £4,000 pa Quango), it is likely that the Consultative Panel on Badgers and Tuberculosis would be less enthusiastic than their colleagues watching the dirty movies. Having access to £29,000 a year to assist deliberations is no consolation for being caught between furious farmers and angry badger-lovers.

Possibly the least satisfying posting is to the Advisory Committee on Conscientious Objectors, the chairman of which saw his remuneration increase to a respectable £88 a day. The Ministry of Defence, under which this Quango is listed, confirm that, since Britain has no conscription, it cannot have any conscientious objectors.

It follows that either the advisory committee never meets, or that questions should be asked about the £88 payments. Perhaps this is where the Prime Minister should look if she wants a way to bring the Quango total down to 1,680 at a stroke.

The Nelson tipple

"OUR MARSALA sold extremely well in Britain throughout the 19th century. I wish the British would now remember the taste and stop drinking so much port and sherry."

With these words and a heavy sigh, Signor Vanni Grassotti, plant manager of the Florio wine factory in Marsala, on the western coast of Sicily, steered his car around the huge (1.1m sq ft) establishment.

Sig Grassotti, and his masters—the Cinzano wine and spirits group—are out to persuade Britons that it was wrong to abandon their taste for the delicate and dry Marsala which so appealed to Admiral Nelson that, on March 19, 1800, he signed an order for "five hundred pipes of the best Marsala wine . . . to be paid for in bills upon the Commissioner for victualing her Majesty's Navy."

After all, the founder of the Marsala wine industry was British. It was John Woodhouse, Esquire, an itinerant man of commerce, who in 1770 came to Sicily and, while wandering round the African-looking port of Marsala, first sampled the local grape. So enchanted was he that he ordered nearly 30,000 litres to be loaded onto his ship, which then made for Liverpool, a voyage of 60 days.

On the way he decided that he would add alcohol to the Marsala wine to conserve its goodness. As soon as he had unloaded the kegs in Liverpool Mr Woodhouse found he was sold out. And so he turned round immediately and sailed back to Marsala, this time to buy a chunk of land along the port and begin full-scale production.

Marsala was not then the gooey, sweet mixture that has in recent years given it such a bad name among gentlemen clubbers who, up until World War Two, were content to sip eight-year-old Marsala after their meals. It was the same dry and strong (18 per cent alcohol) stuff that Florio still makes. But, oh, how exports to Britain have plummetted.

In 1899, by which time Sig Vincenzo Florio of Palermo had bought out the Woodhouse estate, Britain was buying close to a third of all Marsala, millions of bottles a year. In 1929, Cinzano took over the business, but things have gone down hill ever since.

There was a brief period during prohibition in the U.S. when Marsala was sold as "hospital tonic: take two glassfuls a day for ailments." But then, in 1943, 250 bombs rained down on Marsala, killing seven bottlers and destroying half the factory.

First, the German occupation troops and, later, the American liberators managed to wreck and pillage the Marsala plant. "I guess they were thirsty," says Sig Grassotti.

Now, with annual production of 4.5m bottles (only a quarter of which is the sweet dessert stuff), some 85 per cent of Florio's Marsala is sold in Italy. Britain buys a miserable 30,000 bottles a year.

The problem? "The British after the war started investing in Portugal and Spain. They became obsessed with port and sherry and completely forgot about us," laments Sig Grassotti as he enters the beautifully-restored warehouses where enormous wooden kegs contain thousands of litres of ageing Marsala.

He points with pride to the plaque noting the arrival of General Garibaldi, who came to the Florio wine plant "for repose." He opens the visitors' book to show the signature of Count Giuseppe di Lampedusa, author of "The Leopard," who visited the plant in 1901.

And he promises that, under a new Italian law, the name *Marsala* will soon come off bottles of the sweet dessert wine. Only the dry Marsala, aged from one to 10 years, will carry the name.

Billions of lire are being spent on modernising the Florio plant, and additional billions will go into a new marketing strategy. And with the entry of a Grand Metropolitan subsidiary (IDV) into the Cinzano group, there is hope that Britons will again sample Lord Nelson's favourite drink.

Springboard to Fleet Street

JOHN FAIRFAX, the Sydney-based media group that raised a few eyebrows in London this wek wih its purchase of the Spectator magazine from Algy Cluff, chairman of Cluff Oil, remains silent on its ambitions in Britain.

Last night James Fairfax, the company's chairman, politely declined an invitation to comment on the purchase of the Spectator. On the other hand, it seems a reasonably safe bet that Fairfax would jump at the chance to buy a Fleet Street newspaper, such as the Observer, if the opportunity arose, for it is brimful of confidence, and does not lack cash.

Fairfax is the quality name in Australian journalism, publishing most of the country's best newspapers, including the AG, of Melbourne, the Sydney Morning Herald, the Australian Financial Review, and the National Times, which specialises in almost non-stop political scoops.

Fairfax also has significant televiion interests (ATN-7, in Sydney, and BTQ-7, in Brisbane), plus the Macquarie radio network and a clutch of magazines. Its net profit in 1983-84 was a record A$30.7m (£22.1m).

Fairfax is Australia's 38th biggest company, with a market capitalisation of A$420m, against one of A$773m for Rupert Murdoch's News Corporation, and one of A$478m for the Melbourne-based Herald and Weekly Times.

Together with Kerry Packer's Consolidated Press Holding (now a private company), these three have virtually a stranglehold on the media Down Under, though there are one or two fledgling media barons, such as Robert Holmes a'Court and Alan Bond, both of Western Australia.

Fairfax takes a lofty view of the worldl, and of its place in it. In its last annual report, James Fairfax said that "all the Fairfax companies, products and services will continue to operate within our central philosophy of integrity and credibility." He added that "each will continue to operate in a substantially autonomous manner."

All told, there are four Fairfaxes on the six-man board: James and his father, Sir Warwick Fairfax, Sir Vincent Fairfax, who is Sir Warwick's first cousin, and John B. Fairfax, son of Sir Vincent.

Although the Fairfax organisation is regarded as one of the cornerstones of power and influence in Australia, it has run afoul of Neville Wran's state Labor Government in New South Wales, which last year accused *The Sydney Morning Herald* of conducting an "absolute vendetta" against Wran and his government.

There was a *touching* rejoinder to this in the company's last annual report, where it claimed that a feature of the Herald' coverage last year was its "scrupulously fair and balanced reporting on the New South Wales election."

Members of the family have not always seen eye to eye. However, there is a definite possibility that their purchase of the spectator is indeed planned as a springboard, and that before too long they will be following Rupert Murdoch's hoof prints down Fleet Street.

Contributors

Jonathan Sale
Alan Friedman
Michael Thompson-Noel

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	6.75	7.75	8.00	Seven-day account
			8.50	Higher interest acc. 90 days' notice or charge
			5.50-8.00	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	6.75	7.75	8.00	7 days' notice. Imm. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly. inc. optn. if bal. £1,000+
			8.50	Bank Save. Bal. of £2,500. Current account
Anglia	6.75	7.75	8.50	3-year bond. No notice. 3 months' penalty
			8.50	Capital share. No notice. 1 month's penalty
			8.00	7 days' notice. No interest penalty
Barnsley	7.75	9.50	9.65	Special Inv. 9.65 2 years, 9.65 monthly income
Birmingham and Bridgwater	6.65	7.70	8.05	5 days' not. or 20 days' int. pen. for imm. wdl.
			8.75	90 ds. shrs., 90 ds. nt. or 90 ds. pen. for im. wdl.
Bradford and Bingley	*7.50*	*8.50*	*9.00*	*Premium Access. On demand, no pen. £1,000+*
			9.25	High Income. 3 months' notice or 90-day pen.
Britannia	6.75	7.75	8.30	7 days' notice. 8.55 28 days' notice
Cardiff	8.10	8.20	8.60	90-day notice. Penalty if balance under £10,000
Catholic	7.00	8.00	8.50	Extra share monthly income. 30-day notice
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	6.75	7.75	8.90	3 years, immediate withdrawal interest penalty
Cheltenham and Gloucester	—	7.75	—	Gold. No notice No pen. Under £1,000, 6.75; Over, 8.25; £5,000+, 8.57 when mthly. mt. addd
Citizens Regency	7.00	8.00	8.40	7 days. 8.50 one month. 8.75 three months
City of London (The)	7.00	7.75	8.75	3 *months' notice—no penalty—monthly income*
			8.45	21 days' not. im. access for amnts. over £10,000
Coventry	6.75	8.00	9.00	2-year bond £1,000+, close 90 days' notice and penalty, *monthly inc. opt., guaranteed 2.25 diff.* MoneyMaker inst. acc. no pen 8.60 £20,000+, 8.35 £5,000+, 8.00 £1,000+ monthly inc. opt.
Derbyshire	6.75	8.00	8.75	2 y., 3 m. not. with pen. 8.00 no nt./pn. m. inc.
Gateway	6.75	7.75	8.10	Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ 8.41 if added to account
Greenwich	6.75	—	8.75	90-day a/c (7-day a/c 8.00-8.50 subject to bal.)
Guardian	7.00	—	9.10	6 months. 8.85 3 months. £1,000 minimum
Halifax	6.75	7.75	8.00	7-day Xtra, 7 days' notice, no penalty
			8.25	28-day Xtra, 28 days' notice, no penalty
			8.50	90-day Xtra, 90 days' notice, no penalty
Heart of England	6.75	8.00	8.50	90-day notice. 8.00 5-day notice
Hemel Hempstead	6.75	8.25	9.25	90 days; 8.50, 28 days; 8.75, 60 days
Hendon	8.00	—	8.75	7-d. a/c min. £500. 9.25 3 mths. a/c min. £1,000
Lambeth	6.90	8.00	8.30	7-d. a/c. 9.00 Magnum a/c 6 wks. & loss of int.
Leamington Spa	6.85	—	8.60	Spa mthly. Income; no not., no pen. £5,000 min.
			8.50	Lion sh.: 1 m. not. or 28 days' pen. £1,000 min.
			9.15	Supershare: no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	6.75	8.50	8.25	Mnthly. int.; 8.50 28 days' not. or pen. neither if £10,000 still in account
Leeds Permanent	6.75	7.75	8.00	Liquid Gold no not. no pen. HRAS 8.5 3m. not.
Leicester	6.75	7.75	8.00	£500+ im. ac. no pen 8.95 comp. 3 y. £2,000+
London Permanent	7.25	—	9.25	90 d. not. or imm. wdl. no pen. if bal. £10,000+.
Midshires	6.75	8.25	8.75	2-year term 2.00 diff. guar. 3 mth.'s not. or pen.
Mornington	*8.30	7.80	8.50	£2K+, 8.65 £10K+, 8.80 £20K+. *£2,000−
National Counties	†7.05	8.05	9.00	90 days' notice, no penalty. †£1,000+
National and Provincial	6.75	7.75	8.75	HYS (share + 2% guaranteed 3 years)
			8.50	90 days' notice/pen. unless bal. stays £10,000+
			8.25	28 days' not., 8.00 7 days' not./penalty as above
Nationwide	6.75	7.75	8.50	Capital bonds, 3 yrs., 90 days' notice/penalty
			8.50	Bonus-90, 90 days' notice/penalty
			8.25	Super bonus, 28 days' notice/penalty
			8.00	Bonus-7, 7 days' notice/penalty
Newcastle	6.75	8.00	8.50	90 days' notice, 8.25 28 days' notice
			7.75	7 days' notice. On demand with penalty
			9.00	2-year term access with penalty
Northern Rock	6.75	8.00	8.10	Moneyspinner plus £500 or over
			8.35	(£5,000-£19,999); 8.60 (£20,000 and over) 7 days' *notice withdrawal, no penalty*
Norwich	6.75	8.00	8.50	New City Account, Im. wdl. no pen.
Peckham	7.50	—	8.50	7 d.'s not. 9.00 Im. wdl. if over £2,000. Mon. inc.
Peterborough	6.75	8.05	8.75	Flexi-Plus 60 days' notice monthly income
Portman	6.75	8.25	8.50	No notice. 8.75 2 months' notice
Portsmouth	6.90	8.40	9.05	3 years, 8.85 90 days, 8.60 30 days, 8.30 7 days
Property Owners	7.25	8.75	9.00	3 mths., 8.60 28 d., 8.75 6 mths. Effective Dec 1
Scarborough	6.75	8.00	8.75	2-year limited share. 1.75 guaranteed differentl.
Skipton	6.75	8.00	8.60	Sovereign £10,000+, 8.30 £500-£9,999. Monthly inc. 8.30, min. inv. £2,500. Inst. access no pen.
Stroud	7.75	9.00	8.55	3 months, 8.30 £10,000+, no penalty, no notice
Sussex County	6.75	8.40	8.10	7 days' not.; 8.30 sx. ac.; 8.00 share a/c £2,500+
Sussex Mutual	7.25	8.75	8.50	Over £5,000 imm. wdl. Under £5,000 7 days' not.
Thrift	7.60	—	8.60	3-year term. Other accounts available.
Town and Country	6.75	7.75	8.75	90 d. not. or pen. No not./pen. if bal. £10,000+
			8.25	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	8.60	—	—	No notice—no penalties—min. inv. £1
Woolwich	6.75	—	8.00	7-day account, 7 days' notice
			8.25	Monthly Income Account, 28 days' notice
			8.50	90-day account, 90 days' notice/penalty
Yorkshire	6.75	7.75	8.50	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Hanson sets Tuesday as deadline in Powell bid

A DEADLINE of next Tuesday has been set by Hanson Trust for the success or failure of its £170m takeover bid for Powell Duffryn, the distribution and storage group.

Hanson said that its all-paper offer for Powell Duffryn, which had already been extended to January 29, would lapse on that date unless it had received sufficient acceptances to be declared unconditional. Hanson had previously made clear that its offer would not be increased.

Lord Hanson, the chairman of Hanson Trust, questioned Powell Duffryn's decision this week to revise upwards its forecasts of both profits and dividends for the current year. He asked whether the higher dividends forecast were n shareholders' interests, since dividend cover was being reduced to 1.8 times from three times cover five years ago.

H also asked what confidence there could be in the Powell Duffryn management team when it changed its profits forecasts so significantly and so rapidly.

But Lord Sandon, Powell Duffryn's chairman, said that the Hanson announcement of a deadline must be seen as a sign of weakness. "I suspect that Hanson is trying to pre-empt the favourable effect that an end to the miners' strike is likely to have on Powell Duffryn's share price."

Hanson Trust shares closed last night at 342p, up 9p on the day, which values its bid at 456p per Powell Duffryn share. Powell Duffryn which opened at 438p yesterday, dropped to 425p after the Hanson announcement before closing at 430p, down 8p on the day.

Addison and Michael Page merge

BY MARTIN DICKSON

Addison Communications, a public relations group which came to the Unlisted Securities Market last October, is to merge with the **Michael Page Partnership** of executive recruitment consultants, to create a large new corporate communications consultancy. News of the deal sent the share prices of both companies soaring yesterday.

A new holding company, Addison Page, is being formed to bid for both companies in what is one of the first mergers between two USM companies.

Shares in Addison closed last night at 265p, a rise of 63p or 31 per cent on the day, while those in Page leapt to 375p, up 18p or a rise of 46 per cent. At these prices the two have a combined market capitalisation of £38m.

It is unusual for a company to announce a merger so soon after coming to the market but Mr Steve Smith, chairman of Addison, said the deal was "very fair" to shareholders who were "tickled pink" at the prospect of a very robust new business with a strong management team.

Addison, founded seven years ago, is best known for its work designing annual reports and other publications for companies. Page, which came to the USM in 1983, specialises in accountancy, banking and financial appointments.

The two companies said yesterday that a merger would be a major opportunity for expansion, allowing them to offer a wider range of services to a combined corporate client list numbering about 1,000.

The new holding company will offer three of its new ordinary shares for every two Page ordinary and 11 of its shares for every ten Addison shares. Some 63 per cent of the new group will be made up of Page shareholders and 37 per cent of Addison.

The Page board estimated that its profits for the year to December 1984 totalled £1.35m—a rise of 124 per cent on the £604,000 for 1983—with earnings per share at 10.4p (5p).

Addison estimated that its 1984 pre-tax profits were £635,000 up 131 per cent on 1983's £274,000 and up 25 per cent on its USM launch forecast. Earnings per share were about 6.11p, compared to a pro forma 2.271p the previous year.

Mr Michael Page, chairman of the Page partnership, will become chairman of the new company and Mr Smith will be deputy chairman.

Directors of Page, who speak for 65 per cent of the company's equity, and board members of Addison, representing 72 per cent of their company's ordinary shares, have both undertaken to accept the merger terms.

Wholesale Fittings raising interim

Continuing difficult trading conditions have led to a reduction in operating profit from £1.91m to £1.76m at Wholesale Fittings, but the interim dividend is being lifted from 1.53p to 1.7p net per share.

In the six months ended October 26 1984 turnover of this electrical components distributor moved up £567,000 to £17.22m. Profit before tax came out at £2.11m, compared with £2.14m. After tax £950,000 (£1.12m) earnings per share are up from 7.4p to 8.3p.

● comment

When a company has an excellent record, it is tempting to believe that the conveyer will just keep on running. Not so, as Wholesale Fittings demonstrates all too clearly with these disappointing first-half figures, a performance which clipped 15 per cent off the share price to 270p. There are no doubts about the company's underlying managerial and trading strengths, which are underpinned by a cash cushion of nearly £5m, but this time round these assets were less effective than usual at combatting exceptionally competitive conditions. For one, the weak market meant that price rises were out. Secondly, there were no stock profits to benefit from this time. Then there was the expense of the new Southampton depot and the extension of the company's headquarter's building, the last three factors taking perhaps £0.3m out of the p and l account. Since last October, prices have risen slightly but business remains tough, suggesting that the company may well only mark time this year. Taking a line through the interim tax charge the prospective p/e of 14 looks about right.

Sangers restructures in offer for Pavion

THE DEAL under which **Sangers** plans to acquire the **Pavion** cosmetics group of the U.S., will involve the restructuring of Sangers' capital through a one-for-two scrip and a nine-for-eight rights issue.

A total of 27.6m of ordinary shares will be brought into existence. For every eight shares held, existing investors in Sangers can opt to take the nine new shares priced at 33½p—compared with the September suspension price for Sangers of 45p—and can also accept £3 nominal of loan stock at par.

Some £9.2m of 11 per cent loan stock 1994 to 2002 is to be issued. Together with the new shares, this brings the total amount raised to a maximum estimated by Sangers at £18.4m, before expenses of some £1.8m.

Paget Agencies, Mr Tom Whyte's Bermuda company, is to take up only half its allotment to both classes of security, accepting 6.64m of the new shares and £2.21m in the loan stock. The balance of the overall issue will be underwritten by Strauss Turnbull, in order to achieve "a wider spread of institutional investors."

Mr Whyte will then sell Mr Stanley Acker, Pavion's owner, 2.88m of his shares for $1m, representing some 95 per cent of the cost of the shares to Mr Whyte's company. Accordingly, Mr Whyte's interests in Sangers—currently about 48 per cent—will be reduced to 29.9 per cent of the ordinary shares and 24.1 per cent of the loan stock.

Mr Acker, apart fro mjoining the board of Sangers, will enter a five-year service agreement which he has the option to renew for a further five years.

He will also benefit from a bonus scheme and profit-sharing retirement plan, while Dover Cosmetics, set up by Sangers for the purpose of the transaction, will also lease two properties from him and spend $150,000 in improvements.

The acquisition of Pavion itself will be made for a maximum $24m, of which $17m is payable immediately on completion. The second, deferred, payment will be $2.3m in cash, with the remainder in Sangers shares at a fixed price of 47½p. If Sangers' market price is below that level at the time, however, Mr Acker can opt for cash instead.

The size of this third tranche will be related to the profits performance of the U.S. company, up to a limit of $4.7m. A currency conversion rate of $1.121 has been set, implying a maximum entitlement for Mr Acker of a further 8.76m shares.

Mr Robert Fenster of Pavion will also join the Sangers board. Mr Whyte has been appointed deputy chairman and will be responsible for the group's U.S. operations.

Sangers is being advised in the deal by United Trust and Credit of Gresvenor Street, London.

Partial recovery made at Andre de Brett

Andre de Brett, the direct mail order house, returned to the black in the first half of the current year, but the directors say that in present market conditions it would be unwise to make any prediction as to the full year's outcome.

A taxable profit of £37,000, against £204,000, was attained in the six months to end-September 1984. This result follows a loss of £234,000 in the second half of last year. The company specialises in outsize clothing.

There is no interim dividend for holders of this USM stock; last year's final payment was also passed. First half earnings per share are shown as 0.25p (1.29p), after tax of £17,000 (£101,000).

Commenting on the first half, the directors say that trading conditions remained difficult and there was a decline in UK turnover. But they say that the quality of business was better and resulted in a reduction of bad debts.

Total turnover amounted to £2.77m, against £2.94m, and generated operating profits of £113,000 compared with £254,000. Interest payable totalled £76,000 (£50,000), but the company says that borrowings are now significantly lower that they were at the beginning of the year.

During August the company reduced its catalogue prices and began charging interest on credit sales in line with most other mail order companies. While this has made the catalogue more competitive, the company says that it will result in some deferment of profit because interest charges are credited to turnover over several months.

● comment

Andre de Brett is gradually struggling back to health after the disastrous second half of last year. It has managed to turn an interim profit of £37,000 which may be an encouraging sign but not good enough to reward shareholders with a dividend payment yet. The argument for the shares is that de Brett has got to grips with its troublesome diversifications and closed down its unprofitable operations. In its core business of mail order it is fighting it out with some pretty hefty competition but the company believes it has got the prices and the systems right to bring about a much needed profits recovery. If all goes well there could be a small dividend payout with the final figures but the market is not yet counting on it. At 16p the shares are a few pence over the all time low but they are a mere shadow of the original placing price of 60p. With hindsight de Brett has the hallmarks of a company which joined the USM before its time and still have everything to prove in the market's eyes.

Harvard Secs. in unsuccessful Ewart raid

By Michael Cassell

Harvard Securities, licensed securities dealer, yesterday launched an unsuccessful share raid on Ewart New Northern, a quoted, Belfast-based property company.

Harvard tried to buy up to 61,965 ordinary shares in Ewart at 270p which, with the 55,000 shares it already owns, would have pushed its stake up to 14.9 per cent. Ewart shares were trading at 240p at the start of business yesterday, but closed at the price being offered by Harvard.

Mr Tom Wilmot, chairman of Harvard, said he was disappointed at the response to his offer but remained "very keen" to raise his stake to 15 per cent. He would consider his next move over the weekend.

Ewart has a market capitalisation of just over £2m and last year recorded pre-tax profits of £50,000. Formed from the amalgamation of two textile companies, Ewart has recently started to step up its investment and development programme in northern Ireland and on the mainland.

Mr Andrew Hugh Smith, a director of Ewart, said that the Harvard offer was pitched at a price which reflected the last declared net asset value, a figure which would be substantially increased during the current year.

● **Clabir International**, part of the U.S. Clabir investment group, has sold its 21.96 per cent stake in Estates Property Investment, UK property investment and development group. The shareholding was built up during the past year. Mr Nicholas Kittoe of Clabir would not say whether the shares had gone to a single purchaser.

Assoc. Energy meets forecast

For the year ended September 30 1984 **Associated Energy Services** has met its forecasts, made a year ago when it joined the USM. Profit before tax has expanded from £232,000 to £435,000—not less than £423,000 was expected—and the dividend is the promised 1p net.

Turnover advanced by £1.12m to £3.31m, and in the first quarter of the current year sales are showing a "substantial increase" over the same period of 1984, the directors state. Group activities cover the provision of maintenance services for electro/mechanical installations in building complexes, and the marketing of catering equipment made to its own specification.

Tax takes £170,000 (£31,000) to leave the net profit at £265,000 (£201,000) for earnings of 3.82p (3.22p) per share. There is an extraordinary debit of £28,000.

"The business of Taylor Fraser UK has made a "useful contribution," the directors state. Its reorganisation and integration is in the final stages

Southwest Resources in Hong Kong purchase

Southwest Resources, Mr Max Lewinsohn's oil and tin mining group, is taking a 25.3 per cent stake in **Arinfi Pacific (Holdings)**, a quoted Hong Kong company which supplies services to the Far East's oil industry.

Southwest will make a three-for-five rights issue at 40p per share to raise £7.6m net of expenses to finance the £4.3m cash element of the Arinfi deal. The surplus rights funds will go to reducing borrowings and financing oil and gas exploration.

The company also intends to pay a net dividend of not less than 0.7p per share for the year ending March 31 1985, which is the first dividend to be paid by Southwest in its present form.

It is paying £4.3m for 11 per cent of Arinfi and the remaining 14 per cent will be exchanged for Southwest's existing Thai exploration interests. Southwest will also receive the equivalent of an overriding royalty of 2.5 per cent of gross petroleum sales from the Thai interests.

Arinfi has recently been reorganised and it is now headed by Mr Adrian Zecha, a Hong Kong businessman and one of the principals of the Regent International Hotel Group. Regent earlier this month sold the Dorchester Hotel in London's Park Lane to the Sultan of Brunei for more than £40m.

Arinfi made a pre-tax profit of HK$11.2m (£1.29m) on turnover of HK$237m in the year ended March 31 1984. Shareholders' funds at that date were about HK$286m. Dominion International Group, which owns 54.5 per cent of Southwest, will take up its full rights entitlement. The balance has been underwritten by Samuel Montagu.

Wm. Dawson

William Dawson (Holdings), which operates international journal subscription services, raised pre-tax profits from £2.4m to £3m for the year to September 30 1984, on turnover of £30.3m, against £25.95m.

Cantors into loss midway

With little improvement in turnover for the half year ended October 30 1984 **Cantors** reports a substantial cut in the trading profit and a loss of £96,000 at the pre-tax stage, compared with a profit of £208,000 last time.

In their last report in November the directors of this general house furnishing, carpet and bedding retailing group operating throughout Britain stressed the difficulty of expressing optimism until there was a settlement of the industrial problems, particularly that associated with the mining industry.

They say present indications point to an improvement in the second half, particularly if the present industrial strife subsides, and they are holding the interim dividend at 0.5p net per share. The second half of the previous year produced a profit of £666,000, and the final dividend was 1.5p.

In the half year turnover came to £10.59m (£10.27m) excluding VAT, and the trading profit to £50,000 (£377,000).

United News. raises stake in Fleet

By Sue Cameron

United Newspapers—the fast growing group which owns the Yorkshire Post, Punch and Exchange and Mart—has upped its stake in Fleet Holdings to just under 20 per cent.

Earlier this month United bought a 15.76 per cent stake in Fleet—owners of Express Newspapers—from Mr Robert Maxwell's Pergamon Press. The deal took United's total interest in Fleet to 18.25 per cent. But it is now aiming for a 20 per cent interest which will entitle it to a pro-rata share of Fleet's profits.

Mr David Stevens, chairman of United, said last night that he had no intention of buying any more Fleet shares at the present price. He added that United had no intention of going over a 30 per cent interest.

There has been speculation that United might launch an all-out bid for Fleet. But last night Mr Stevens repeated earlier statements that United was holding its Fleet interest as a long-term investment and was not about to make a bid.

United paid £52.6m for the Link House publishing group at the end of last year. The deal gave United a 31 per cent interest in the Yellow Advertiser Newspaper group, publisher of free sheets—one of the fastest growing sectors in the UK newspaper industry.

Last night the Essex-based Yellow Advertiser announced that it had bought a group of advertising papers and magazines from Haymarket Publishing for an undisclosed sum.

MINING NEWS

Papua New Guinea's financial carrot for Ok Tedi holders

BY IAN HARGREAVES

SHAREHOLDERS in the A$1.6bn Ok Tedi copper/gold mining projects in the jungle of Papua New Guinea have been offered financial concessions by the Government in the hope that this will persuade them to proceed with the full mine development plan.

The Government says it will cover the $40m to $50m cost of the next two years' work on a hydroelectric scheme, in return for which the mine's partners are asked to agree to transfer $500m of debt to their own balance sheets and to accept a firm, revised timetable for mine development. This debt is already guaranteed by the companies involved.

The shareholders must also agree not to extract dividends from the first gold phase of the mining project until the second stage is built, and to use this income to complete infrastructure for the first phase, notably a dam for the mine's waste or tailings.

The objective of the Government, which has threatened previously to close the mine if the partners insist upon their present strategy of exploiting Ok Tedi's gold reserves without developing the ore body's copper potential, is to delay the point at which the shareholders have to seek approval from their boards for a new phase of investment.

It is hoped that this carrot, coupled with the implicit stick that the mine could be closed and the gold mining rights offered elsewhere, will persuade the shareholders to agree. The foreign shareholders are Broken Hill Proprietary (30 per cent), Standard Oil of Indiana (30 per cent), Metallgesellschaft and Degussa (7.5 per cent each), and the West German Development Company (5 per cent).

The Papua New Guinea Government, which owns 20 per cent of Ok Tedi, feels it is in a strong position in the negotiations because it has relatively little liability to the first phase of the project, and would be hurt less than some of the private shareholders in the event of a closure.

The timetable of development proposed by the Government envisages the entire Ok Tedi project be completed by March 1989. The shareholders have agreed to examine the plan, although difficulty is unlikely to be easy at a time when one of the partners, Standard Oil, is trying to disengage itself from the mining sector.

Cominco back in black but mixed final quarter

CANADA'S Cominco, diversified natural resources group, returned to profit in 1984, thus avoiding a repetition of the 1983 performance in which it made its first loss for 50 years.

It reported earnings of C$24.2m (£16.41m), compared with the 1983 loss of C$39.3m. The 1984 earnings were worth 9 cents a share after last May's three for one share split.

The group's mixed fortunes were reflected in the contrasting fourth quarter results of its main sectors. Mining and integrated minerals showed a pre-tax loss of C$4.3m due mainly to lower zinc, silver and gold prices. (The 1983 fourth quarter had shown a C$5.2m profit.)

Chemicals and fertilisers, on the other hand, showed a fourth quarter profit of C$11m. But that was C$4.4m less than the comparable 1983 period. The group blamed lower sales and prices on early snow storms on the Canadian prairies and the U.S. Mid West.

Over 1984 as a whole, sales were C$210m higher at C$1.585m, and despite the disappointing fourth quarter results mining and integrated metals converted their 1983 loss of C$5.5m into a pre-tax profit of C$48.8m.

The profits stemmed from higher margins on refined zinc, zinc concentrate and gold, which partly offset the lower profits on copper concentrates and silver. Sales volumes also picked up on all major metals and concentrates except lead.

The year's profit on chemicals and fertilisers nearly doubled from C$33.8m in 1983 to C$63.6m, with volumes also up slightly.

Assessing the prospects for 1985, Mr Norman Anderson, chairman and chief executive, showed cautious optimism, predicting better consumption of zinc and lead.

Metal price fall hits profits at N. Broken Hill

North Broken Hill Holdings says that a major decline in metal prices was the main factor behind a fall in first half pre-tax earnings from A$24.34m to A$5.33m (£4.4m).

The interim dividend has been halved to two cents per share on the enlarged capital of 367.75m (214.55m) shares.

The company says that mining and smelting operations, including inaugural results from EZ Industries, recorded a pre-tax loss of A$14.83m for the 24 week period to December 12 1984. In the previous period, its Broken Hill basemetal mining operations reported a profit of A$830,000.

Increased production and the depreciation of the Australian dollar against the U.S. dollar partly offset low metal prices.

But the company warns that unless there is a substantial increase in metal prices the full-year result will be poorer than the A$31.31m in the year to June 30 1984.

Efforts continue towards productivity and metallurgical improvements but the mining and smelting division's results will be dominated by metal prices, the company added.

Pre-tax profits of the other main operating division, forestry and paper, fell from A$16.31m to A$13.03m.

Rises in the price of fuel oil and imported pulp (due to the weaker Australian dollar and lower margins on paper sales) contributed to the poorer result, although these factors were partly offset by increased demand for forest products.

Hampton Areas to lead Colorado gold venture

THE LARGEST single shareholder in the Centennial and Marathon companies is Hampton Gold Mining Areas, following refinancing of the Colorado gold exploration joint ventures in which all three have been involved since 1983.

Hampton said it now planned to implement a new programme of assessment work for both companies, involving cuts in overheads and jobs.

Under the agreement, Hampton has effectively exchanged its interests in the joint ventures, to which it made an initial contribution of $7.5m, for a 38.75 per cent direct stake in both Centennial, a private company, and Marathon, which is quoted on the Denver over-the-counter market.

Between them, the two companies own a total of 245,000 acres near Craig, Colorado, and are trying to establish large-scale open-pit gold mining operations.

Mr George Livingstone-Learmonth, Hampton's managing director, said in London yesterday that the agreement would set the project on a firmer basis. "We'll be taking a very much closer grip on the way the companies carry on the assessment," he said.

The original intention, he said, had been to complete assessment of the project by the end of last year, but it had since become apparent that mining there would be a more complex operation than first thought.

But he added that the company was still basically confident in the project, despite the drop in the gold price.

In the restructuring, Mr Orin Farnsworth, founder of both Centennial and Marathon, and his family are all but bowing out of the companies, retaining an interest of about 5 per cent in Centennial's restructured capital.

They have relinquished some 19.4m shares in Centennial, representing about 57 per cent of its previous capital. About 10.3m of these have been returned to Centennial, and the balance assigned to Hampton. Centennial has also handed over to Hampton 38.75 per cent of Marathon's capital, out of its previous 52 per cent holding.

Hampton said the idea of merging Centennial and Marathon, announced by them last August, would be re-examined in due course.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Instead of launching a full bid for Stylo, the shoe retailer with 300 shop properties, Mr John Ribiat's property group British Land made a tender offer for up to 9.02m limited voting ordinary shares at a maximum price of 185p each. If the unorthodox offer is successful, British Land's equity holding in Stylo will increase from 7.2 per cent to a maximum 50.9 per cent. Its voting power, however, because of Stylo's unusual capital structure, will rise from 42 per cent to only 29.9 per cent since the Ziff family controls 43.8 per cent of the votes through management shares which carry 16 times the voting power of ordinary shares. The tender offer may enable British Land to secure a majority of Stylo's equity without embarking on a general offer which, in the face of Ziff family opposition, would stand little chance of success. A full bid by Harris Queensway for Stylo last year was blocked by the Ziff family in this manner, despite Harris winning acceptances covering more than half the equity. Stylo shareholders may tender their shares to British Land at any price up to 185p each, and may opt to receive cash, or British Land shares to the same value based on a British Land share price of 130p.

The battle for control of hospital equipment and engineering concern Hoskins and Horton rages on with Scottish Heritable Trust increasing its offer to £9.2m. The latest bid—10 SHT shares plus 360p cash for every three Hoskins and Horton shares—values the latter at approximately 340p per share and tops London and Midland Industrials' recently revised bid by about £1m. SHT has now agreed to sell H. and H.'s quarrying and ready mixed concrete activities (the Horton companies) to Tilcon a member of the BTR group, for £5m. LMI has already agreed to sell the Horton businesses to Redland for £4.475m.

Hutchinson Whampoa, the Hong Kong trading company, is paying HK$2.9bn (£330m) for Hongkong Land's controlling 33.8 per cent stake in Hongkong Electric, the smaller of the colony's two power generating companies. The deal is designed to ease Hongkong Land's debt problems which have arisen since the collapse of the territory's property market two years ago.

UK advertising group Saatchi and Saatchi is continuing its rapid U.S. expansion via the purchase of Kleid, a New York company providing advice on direct marketing, for £13.3m.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Bath & Portland	249½§§	298	225	39.61	Beazer (C. H.)
Bath & Portland	303½§	298	277	61.80	Cons Gold Fields
Butterfield-Hrvy	25*†	25	22½	3.21	Technology Inc
Cauzdon (Sir J.)	110½*	113	105	18.69	Norton Opax
Comfort Hotels	96½	97	71	60.24	Ladbroke
Cullen's Strs Ord	475*	470	365††	4.75	Whatling 105
Cullen's Strs 'A'	375*	370	260††	3.75	Whatling 105
Dunlop	22½	37½	31	32.72	BTR
Elson & Robbins	87½§	84	68	8.66	Hartons Group
Glanfield Lawrce	49†*	51	49	3.60	Gregory Secs
Hambro Life	550*	558	498††	663.00	BAT Inds
Harrison, T.C.	74*	69	49	16.7	Harrison T.C. Grp
Hoskins & Horton	333‡	330	188	8.84	Lon & Mid Inds
Hoskins & Horton	340‡§	330	210	6.57	Scottish Heritable
Leech (Wm.)	173½§	177	134††	25.95	Beazer (C. H.)
Lon & Mchstr Secs	9	9	10½	2.91	Amal Estates
Powell Duffryn	456	430	340	172.73	Hanson Trust
String Guarantee	79†	77	325††	284.21	P & O
Trident TV Ord	249‡	260	209	3.64	Pleasurama
Trident TV 'A'	237½§	260	209	110.24	Pleasurama
Voyager Petrolm	55*	55	51	5.50	BP
Webster Group§	142½§§	133	140	17.96	Octopus Publshg
Whittington	26½§ §§	25½	22	11.40	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on January 25 1985. †† At suspension. §§ Shares and cash. ‡‡ Related to NAV to be determined. ¶¶ Loan stock.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Beales, John	Nov	230	(222)	1.2	(1.15)
Brit Blood Agency	Sept	431	(396)	2.5	(—)
Broms Cast & Mch	Sept	84	(78)	0.9	(0.75)
Copson, F.	Oct	50	(83)	—	(—)
Fitch Lovell	Oct	7,020	(7,630)	3.0	(2.5)
Gelfer, A. & J.	Sept	408	(409)	1.9	(1.9)
Global Group	Nov	152	(203)	1.0	(—)
Hallite	Oct	265	(152)	3.0	(3.0)
Hampton Ind	Sept	383	(403)	1.3	(1.3)
McCarthys Pharm	Oct	2,120	(1,885)	2.2	(2.0)
Mercantile House	Oct	27,510	(30,310)	4.0	(3.75)
NME Facilities	Dec	201	(129)	0.7	(0.57)
Newmark, Louis	Sept	622	(291)	4.5	(4.5)
Owen & Robinson	Nov	26L	(14)L	—	(—)
Parkdale Hldgs	Oct	65	(81)	—	(—)
Pennine Res	Sept	232L	(141)L	—	(—)
Racal	Oct	47,180	(48,730)	0.77	(0.73)
Real Time Control	Sept	118	(415)	—	(—)
Restmor Group	Nov	804	(795)	0.75	(0.75)
Saville Gordon, J.	Oct	1,020	(510)	1.4	(1.1)
SEET	Oct	839	(588)	1.4	(1.1)
Sodastream	Oct	2,000L	(2,320)	—	(—)
Somportex	Oct	196	(468)	—	(—)
Stewart Plastics	Oct	1,700	(1,610)	0.88	(0.79)
Sumit Ind	Oct	3,160	(2,630)	1.46	(—)
Stroud Riley	Sept	411	(305)	0.75	(0.75)
United Pack	Oct	497	(461)	1.6	(1.4)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † For 18 months. L Loss.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Textiles	Sept	4,170	(3,500)	31.4	(39.4)	7.95	(7.24)
Anglia TV	Sept	4,300	(2,680)	14.5	(13.6)	8.0	(7.0)
Bett Bros	Aug	1,310	(377)	5.8	(1.3)	3.1	(2.65)
Bootham Eng	Oct	351	(26)	—	(—)	6.0	(5.0)
Brooke Tool	Sept	843	(524)	5.4	(4.0)	1.9	(—)
Countryside Prop	Sept	2,210	(1,835)	34.7	(28.6)	5.04	(4.62)
County Prop	Sept†	5,330	(1,930)	—	(—)	3.4	(1.65)
Denmans Elect	Sept	948	(910)	13.4	(15.4)	3.5	(—)
Everards Brewery	Oct	772	(737)	—	(—)	7.5	(6.8)
Evode Group	Sept	2,310	(2,530)	13.3	(11.8)	2.61	(2.44)
FNFC	Oct	17,600	(11,420)	14.2	(9.8)	—	(—)
Gestetner Hldgs	Nov	5,250	(6,860)	4.6	(—)	1.32	(1.32)
Greenwich Cable	Aug	381	(351)L	—	(—)	—	(—)
Habit Precision	Sept	439	(83)	5.3	(2.4)	1.5	(0.5)
KLP Group	Sept	841	(548)	—	(—)	2.1	(—)
Kunick Leisure	Sept	652	(582)	—	(—)	—	(—)
Lincroft Kilgour	Sept	1,150	(925)	19.3	(10.0)	5.5	(3.0)
Lookers	Sept	1,870	(1,410)	16.9	(14.8)	4.5	(3.87)
Norfolk Capital	Sept	504	(53)	0.5	(0.1)	2.25	(2.05)
Plastic Cons	Sept	287	(280)	4.5	(4.1)	2.57	(2.38)
Starge Prop	Sept	4,900	(3,530)	15.3	(9.7)	3.0	(—)
Talbex Group	July	23	(617)L	—	(—)	—	(—)

Scrip Issues

Allied Textiles—One for 10.
NME Facilities—Two for 23.

Offers for sale, placings and introductions

Alexander Workwear—Offer for sale of 4.23m shares at 100p per share.
Bluebird Toys—USM placing of 1.47m shares at 90p per share.
Consolidated Tern Investments—USM placing to raise £1.5m.
Synapse—Placing 880,000 shares at 174p per share.

Rights Issues

Bunzl—£54.63m rights issue on basis of one for four at 370p per share.
New Tokyo Investment Trust—£11m rights issue on basis of one for one at 100p per share.
Renold—£9m rights issue on basis of three for five at 39p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Associated Energy‡	1	—	—	1	—
Bestwood ...int	6	April 10	nil	—	7.5
Cantors ...int	0.5	April 19	0.5	—	2
Commcl Bank Wales	8.5	April 9	7.5	8.5	7.5
Andre de Brett‡ ...int	nil	—	1	—	1
Edinburgh American	0.9	April 18	0.85	0.9	0.85
Imry Property ...int	1.7	April 9	1.6	—	4.8
Rayford Supreme‡	3.15	—	2.1	4.9	2.1
Ruo Estates	12	April 10	5	18	7
Wholesale Fittings ...int	1.7	April 9	1.53	—	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ No final proposed.

UK COMPANIES

INTERNATIONAL COMPANIES and FINANCE

RESULTS DUE NEXT WEEK

WITH the share price of Rank Organisation at a level not seen for more than a decade, Tuesday's scheduled announcement of preliminary profits for 1983/84 is expected to shine. The share price reflects all credit on the management's moves to retrench in the UK and Australia and get out of property, but what the market will now be looking for is a statement of future intent. The company, analysts argue, is at the end of the stage where it can make progress from cutting out the poor performers and should now be turning its attentions to a more constructive strategy. Such an announcement would be timely given the degearing earlier this week, from the disposal of the group's Canadian property interests, which leaves Rank in a strong position to go on the offensive either through increased investment in existing businesses or through acquisition. Meanwhile, analysts are generally agreed that the full-year outcome will be in the range of £95m to £100m, against £69.3m last time, with firm growth coming from all the trading subsidiaries with the exception of the OSL/Wings package tour, which has been losing market share against stiff competition. As far as the associates are concerned, Rank Xerox is expected to show the first signs of a recovery in its fight against Japanese competition in the copier market, although there are two uncertainties: the extent to which the results will be affected by the international currency fluctuations and whether the company's share of the $7m Iranian settlement will be taken above or below the line. The other associate, Telecom Plus, should be back in profit after the settlement of an industrial dispute.

Investors would be forgiven for thinking that the City's main interest in Lonrho lies in its apparently endless fascination with the House of Fraser. Next Thursday; however, the market's attention is firmly focussed on the group's own affairs, when it announces preliminary results for the year to the end of September. The City is expecting to see profits up from last year's £113.2m to about £140m pre-tax. The brightest performance should come from the Princess Group of hotels in Mexico and the Caribbean and from the UK leisure interests, where the re-opened Playboy Club (now called "45 Park Lane"), will be chipping in for the first time. UK motor distribution will have suffered slightly from the West German engineering dispute and the UK dock strike, hitting Volkswagen imports. In Africa, commodity prices will have depressed sugar profits but boosted tea; in mining, weaker prices should be offset by the depreciation of the rand.

The results of discount houses are always difficult to predict and Union Discount, the second largest operation, is no exception. The year to December was not a good one for the sector with interest rates generally higher, though there was some respite towards the end of the year. Last year disclosed profits fell from £11.4m to £6.1m. Forecasts vary for 1984 from a slight improvement to a further drop of a couple of million pounds. The net dividend of 34p will probably be maintained.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Associated Fisheries	Thursday	0.25	2.25	0.25
Blundell-Permoglaze Holdings	Thursday	—	—	—
Derwent Valley Holdings	Thursday	—	—	15.0
Fleming Fledgling Investment Trust	Wednesday	1.0	1.25	1.0
French, Thomas and Son	Thursday	1.0	1.5	1.15
IDC Group	Tuesday	1.51	5.124	1.771
Kershaw, A. and Sons	Tuesday	4.6	11.0	4.0
Lada Investment Trust	Tuesday	2.03	3.01	2.1
Lonrho	Tuesday	3.0	6.0	1.0
Meggitt Holdings	Tuesday	—	—	—
Microgen Holdings	Tuesday	2.0	4.0	—
Platt, F. Engineering Corpn.	Monday	—	—	—
Rank Organisation	Tuesday	4.0	6.0	4.8
Rank Precision Industries (Hldgs.)	Tuesday	—	—	—
Securicor Group	Monday	—	—	—
Television South	Monday	—	2.0	2.0
Throgmorton Trust	Monday	2.75	3.75	2.75
Union Discount	Wednesday	11.0	23.0	11.0
Vogelstruisbult Metal Holdings	Wednesday	5.0	11.0	5.0
Warner Estate Holdings	Thursday	4.0	7.0	5.00
INTERIM DIVIDENDS				
Abtrust Yen Bond Fund	Thursday†	3.0	3.0	
Armour Trust	Monday	—	0.162	
Courts (Furnishers)	Tuesday	1.75	2.55	
Cowie, J. Group	Tuesday	1.0	1.0	
Dealan Holdings	Tuesday	2.875	9.625	
Dom Holdings	Tuesday	1.725	3.225	
Dyson, J. and J.	Friday	2.875	2.875	
English Association Group	Wednesday	0.90909	1.81818	
Epicure	Monday	1.3	2.7	
Fleming Enterprise Investment Trust	Thursday	2.0	5.3	
Gold Fields Property Co.	Wednesday	—	22.0	
GT Japan Investment Trust	Monday	—	0.4	
Hambro Trust	Tuesday	1.59	4.52	
Hanway and Thompson	Wednesday	1.5	2.0	
Haynes Publishing Group	Tuesday	3.5	8.5	
Hillards	Monday	1.45	3.35	
Kleen-Ea Products	Tuesday	1.15	2.1	
LDH Group	Friday	—	—	
Meat Trade Suppliers	Tuesday	1.75	5.5	
New Wits	Wednesday	18.0	32.0	
Norsk Data	Monday	—	1.15	
Ocean (Jersey) Kelt	Thursday	—	0.5	
Oceana Consolidated Co.	Wednesday	0.75	0.86667	
Pearlsea	Wednesday	2.1	4.2	
Sutcliffe Speakman	Monday	—	—	
Trent Holdings	Wednesday	0.35	—	
Vibroplant	Monday	3.0	—	
Walker, Alfred	Friday	—	0.75	
Zetters	Wednesday	0.9	2.35	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Yen per share. § Kr per share gross.

Consolidated Tern price for USM placing is 105p

£1M IS being raised by Consolidated Tern Investments, a Welsh property development, building and plant hire group, through a flotation on the Unlisted Securities Market.

Merchant banker Robert Fleming is placing 1.7m shares at 105p each. Of these, 600,000 are being sold by existing shareholders, primarily the directors, and the remaining 1.1m are being sold on behalf of the company.

The shares placed equal about 34 per cent of the group's capital. After the flotation, the chairman and chief executive, Mr Roger Wisenden, and the company secretary, Mr Alan Edwards, who together founded Tern in 1971, will respectively speak for 30.3 per cent and 23.7 per cent of the equity.

Tern was one of the pioneers of the design and build method in South Wales. Pre-tax profits over the past five years have grown from £419,000 in 1980 to £736,000, on turnover of £16.6m, in the year to September 1984.

Tern is capitalised at £5.3m at the placing price. It is not making a profits forecast, but plans to pay a 5p net dividend for the current year, which represents a 6.8 per cent yield at the placing price.

On a 47.5 per cent tax charge the group earnings per share for 1984 are 13.7p, putting the shares on a multiple of 7.7 times at the placing price.

The money being raised is to be used for further property development projects, and to expand the group's existing plant hire operations in southern England. A broader capital base will allow Tern to take greater advantage of future opportunities, say the directors.

Brokers to the issue are Stock Beech. Dealings are expected to begin January 31.

COMPANY NEWS IN BRIEF

Ruo Estates Holdings reports sharply higher taxable profits of £4.3m, against £1.42m, for the year to June 30 1984. The dividend total is being more than doubled from 7p to 16p with a final payment of 12p against 5p.

Turnover amounted to £6.73m (£2.58m). Ruo is a 51 per cent owned subsidiary of Eastern Produce (Holdings) and has interests in tea estates, tobacco, timber and grazing in Malawi.

Tax for the year was £2.15m (£751,000). Earnings per share are stated at 151p (49p) on a net basis, and 157.8p (52p) on a nil basis.

* * *

Stags have appeared in numbers for the first time since the British Telecom issue, attracted by the Alexandra Workwear offer for sale of 4.23m shares at 100p each.

The offer has been nearly 90 times oversubscribed, with 90,000 applications tendered for a total of 384m shares.

Employees of this manufacturer of workwear and career-wear submitted 175 applications for 202,100 shares, which have been allotted in full.

The remaining 4,028,900 shares have been allotted as follows: applications up to 12,500 shares—weighted ballot for 200 shares; 13,000 to 25,000 shares—1,000 shares; 26,000 to 45,000 shares—400 shares; 50,000 to 65,000 — 600 shares; 70,000 to 85,000 — 800 shares; and above 85,000 — approximately 1 per cent.

* * *

Net taxed profit of the Commercial Bank of Wales rose from £889,000 to £1m in 1984, equal to earnings of 20p, against 17.4p, per share. And the dividend is lifted by 1p to 5.5p net.

After interest charges of £6.72m (£5.32m) the profit came to £1.53m (£1.33m) and was subject to tax of £526,000 (£463,000).

There is an extraordinary debit of £792,000 transferred from reserves arising on the changes in the basis of capital allowances and rates of corporation tax included in the 1984 Finance Act.

* * *

Pre-tax profits at Imry Property Holdings were little changed at £969,000, against £962,000, for the half year to September 30 1984. The interim dividend has been lifted from 1.5p to 1.75p—earnings per 25p share are shown as 3.7p compared with 3.2p.

In the last full year a total dividend of 4.5p was paid from pre-tax profits of £2.13m.

Gross rents from investment properties in the first half came to £2.67m (£2.38m). There was a share of related company's profit of £84,000 (£92,000), and profits were subject to tax of £466,000 (£520,000).

Recovery at Bowater Inc extended with 58% rise

BY WILLIAM HALL IN NEW YORK

BOWATER INC, the biggest U.S. newsprint producer which was spun off from the UK-based Bowater group last May, is continuing its rapid profit recovery, increasing its profits from continuing operations by 58 per cent from $39.6m to $62.5m in 1984.

Fourth quarter earnings from continuing operations rose by a third from $13.7m to $18.2m. Net income for that period totalled $29.2m, taking in an $11m non-recurring gain from the sale of Bowater Home Centre Inc to Home Depot.

Earnings per share equalled $2.23 (fully diluted) from continuing operations for 1984, compared with $1.58 in 1983.

Mr Anthony Gammie, Bowater's chief executive, says: "The robust demand for newsprint experienced in the earlier periods of 1984 continued into the fourth quarter. Demand for light-weight coated publication paper continued to exceed the company's and the industry's ability to produce more tonnage. Operating income from both newsprint and coated paper was assisted by price increases put into effect at mid-year."

The group's operating income from newsprint rose 31 per cent to $53.2m in 1984. But it was the non-newsprint operations which provided the most impressive growth. Operating income from coated paper rose 69 per cent to $36.8m and profits from market pulp sales rose more than four-fold to $23.8m.

The company says that demand for its market pulp, 80 per cent of which is sold overseas, softened during the fourth quarter and prices became erratic due both to continued oversupply in the bleached kraft pulp market and to the continued strength of the U.S. dollar.

Bowater's sales rose 15.8 per cent in 1984 to $881.5m with fourth quarter revenues rising from $204.6m to $231.1m.

American Brands posts record

BY ANDREW BAXTER IN NEW YORK

AMERICAN BRANDS, the U.S. tobacco group which owns Gallaher of the UK, has posted record profits although fourth-quarter profits rose only by 2 per cent, the "excellent growth" in most markets offset by the continuing strength of the dollar.

Net profits for the quarter rose from $104m, or $1.81 a share, to $106.2m, or $1.85, while those for the year advanced from $390.2m, or $6.76 a share, to a record $414.1m, or $7.20.

Sales, however, fell from $1.79bn to $1.64bn in the quarter, and from $7.09bn to $7bn in the year.

Mr Edward Whittemore, chairman, said operating income records were established for both the quarter and the year. Gallaher had record sales and operating income in sterling terms, but its results were down significantly on conversion into dollars.

Financial services accounted for 28 per cent of net income last year. This sector was expanded significantly in 1984 with the acquisition of Southland Life, an insurance concern. Revenues from financial services are not included in the figures, however, as the businesses are accounted for by the equity method.

$195m charge at Phelps Dodge

PHELPS DODGE, the loss-making U.S. copper producer, is to take a non-recurring pre-tax charge of about $195m in the fourth-quarter of 19840 reflecting the costs of its continuing restructuring programme, writes Our New York Staff.

The company said it would also shortly be reporting operating losses for the year because of depressed copper prices. The charge includes a write-down of about $88m on the disposal of the company's energy operations.

The charge also reflects the decision to sell certain other assets, and write-offs of smelter equipment and other facilities made obsolete by environmental requirements or other economic considerations, as well as the shutdown of certain other operations and employee costs.

Cray Research increases net for year by 73.5%

BY OUR NEW YORK STAFF

CRAY RESEARCH, the Minneapolis-based manufacturer of high-speed supercomputers, has lifted 1984 net earnings by 73.5 per cent despite a fall in profits for the final quarter.

The company, which dominates the market for large-scale computers intended primarily for scientific uses, reported 1984 profits of $45.3m or $3.06 a share, up from $26.1m or $1.77 in 1983. The latest period includes a $6m tax credit.

For the fourth quarter, net profits fell from $19.3m or $1.31 a share to $16m or $1.08. Revenues fell from $82.8m to $70.9m, but rose from $169.7m to $228.7m for the year.

Cray's shares fell $1 to $63¾ in early trading yesterday, but the apparent setback in the fourth quarter reflects the impact on revenues and profits of the timing of installations. Cray installed nine computer systems—which cost about $9m—in the quarter, against 12 in the 1983 period.

Mr John Rollwagen, chairman, said that company installed 23 new systems in 1984, against 16 in 1983. Demand for the systems remained extremely strong and more than half of expected 1985 installations were already under contract.

Cray faces new competition this year when Amdahl, the U.S. computer company, will begin selling Fujitsu's supercomputers in the U.S. But some analysts believe that competition from Fujitsu and other Japanese companies could expand the market for supercomputers, which are increasingly finding commercial engineering applications.

Pfizer $60m higher in 1984

PFIZER, A leading U.S. producer of prescription drugs, raised fourth quarter net profits by $10.1m to $129.3m, or from 72 to 78 cents per share, our Financial staff writes. This took the total for the whole of 1984 to $507.9m, or $3.08, from $447.1m, or $2.73.

Sales, however, were down in the quarter at $966.3m, against $972.9m last time, after conversion despite a 3 per cent rise in local currencies. For the year they reached $3.85bn,

P & G second-quarter setback

BY OUR NEW YORK STAFF

PROCTOR AND GAMBLE, the U.S. consumer products giant which is investing heavily in several new products, has reported a 36 per cent drop in second quarter net income to $137m from $214m.

The group has been warning analysts that its profits in the short term would be under pressure because of the costs of its various product launches.

Earnings per share were 81 cents in the latest quarter, which compares with $1.34 per share in the first quarter of the current year and $1.29 per share in the same period last year.

In the latest period group sales rose 7.7 per cent to $3.37bn.

Delta Air Lines boosts payout

BY OUR NEW YORK STAFF

DELTA AIR LINES, the major U.S. carrier, has reported an 81 per cent surge in second quarter net earnings—helped by gains from the sale of aircraft—and raised its quarterly dividend from 15 cents to 20 cents a share, the first increase since 1981.

Delta which has recovered sharply from heavy losses in the 1982-83 fiscal year, posted second quarter net profits of $73.9m or $1.85 a share, up from $40.7m or $1.02 in the comparable 1983 period.

First half profits have jumped from $51.1m or $1.28 a share to $134.1m or $3.36.

Revenues rose from $2.04bn to $2.24bn in the six months, and from $1.06bn to $1.12bn in the quarter.

Profits at Skandia nearly wiped out

By David Brown in Stockholm

SKANDIA, Scandinavia's biggest insurance group, has announced a drastic fall in its 1984 results before extraordinary items, appropriations and taxes. The fall follows heavy losses in the group's non-life business, particularly in the U.S.

Earnings plummeted from SKr 696m ($76.8m) in 1983 to only SKr 10m last year. The major decline came in international operations which registered losses of SKr 310m against a profit of SKr 407m achieved in the previous year. In the U.S., where Skandia ranks among the seven largest re-insurance groups, heavy losses followed storm and hurricane damage as well as stricter liability verdicts in American courts.

...Profits from Swedish domestic insurance business dropped by SKr 336m to SKr 100m, while financial operations generated a profit of SKr 300m compared with SKr 587m in 1983.

Skandia plans to continue to push ahead with its international business both in the UK and the U.S. Last year it took a 29.9 per cent stake in Quilter Goodison, the London stock broker.

Deutsche Babcock to pay dividend

By John Davies in Frankfurt

DEUTSCHE Babcock, the West German heavy engineering concern, is resuming a dividend payment on ordinary shares after a two-year gap caused by heavy losses on overseas contracts.

The company, in which Iran has a stake of more than 25 per cent, proposes to pay DM 3 on each ordinary share with a nominal value of DM 50 out of results in its financial year to last September.

It is also proposing to pay DM 3.50 on each preference share with a DM 50 nominal value. It initially omitted a preference share dividend on 1981-82, when it suffered a group loss of DM 437m ($139m), but it has since paid DM 3 per preference share for each of 1981-82 and 1982-1983.

Babcock has not disclosed its profits for the last financial year, but said they were satisfactory and better than the previous year, when it moved out of the red with group net earnings of DM 23.6m.

The group has been concentrating on more promising contracts.

Herr Helmut Wiehn, who has been pushing through a recovery programme since taking over as chief executive in 1983, said recently that Babcock must continue to cut costs to remain competitive.

It has already been announced that, with its selective approach to building contracts, Babcok's sales revenue fell last financial year to DM 7bn from DM 8.1bn, while new orders were down to DM 5.8bn from DM 7.1bn. ...

The latest dividend proposals are to go to the shareholders' meeting on April 17 for ratification. The company's last dividend on ordinary shares was DM 4.50 on its 1980-81 results.

Banco Filipino is declared insolvent

MANILA—Banco Filipino, the Philippines' largest savings bank, was declared insolvent yesterday and its small-depositor accounts were transferred to the state-owned Philippine National Bank (PNB) for safekeeping.

President Ferdinand Marcos made the announcement after after the close of the week's banking business, saying Banco Filipino's "continuance in business would involve probable loss to the depositors and creditors."

Previously President Marcos intervened to reopen the bank in A ugust after it closed for nine days following a drmatic bank run which had thousands of s mall depositors blocking streets outside the bank's 89 branches nationwide. At that time the bank had 3.7m savings accounts, mainly from middle and lower middle class wage earners.

Mr Marcos issued an unusual presidential statement assuring depositors that their savings were secure, and saying they could either withdraw their money or maintain their accounts in the PNB.

Bankers said that the decision to declare Banco Filipino insolvent, and to place it under receivership, was made after a government investigation discovered vast "self-dealing" involving loans to directors, officers, stockholders and related interests.

In reopening the bank last August with a government loan to provide cash to meet emergency withdrawals, Mr Marcos temporarily replaced the management with a top government monetary expert as conservator with orders to try to save the bank from collapse.

At the time Mr Marcos stated stated that the rescue operation was not only to protect the mililons of depositors but also to protect the banking system.

In the 1970s Banco Filipino helped broaden the reach of Philippine banking by bombarding the radio air waves and newspapers with catchy advertising seeking to attract small savers with gimmicks including gifts and the bank grew phenomenally in this period.

Kyodo

MUI pays $32.5m for Singapore property stake

BY WONG SULONG IN KUALA LUMPUR

MALAYAN UNITED Industries has announced it has purchased a 24 per cent stake in United Overseas Land, part of the United Overseas Banking group of Singapore, in a move which is likely to herald closer links between two of the biggest and most rapidly expanding corporations in Malaysia and Singapore.

It is understood that the UOB group has welcomed MUI's participation in UOL, which is one of the largest property companies in Singapore. MUI representatives are to be invited to join the UOL board.

The UOL stake of 36m shares is being purchased by MUI's 77 per cent owned subsidiary, Malayan United Manufacturing, for 81m ringgit (US$32.5m) from Pembangunan Taman Baru (PTB), a relatively unknown company which has been actively buying UOL shares in recent weeks.

PTB is controlled by Mr Peh Kong Wan, a close business associate of Datuk oo Kay Peng MUI's chief executive.

Malayan United Manufacturing will issue 36m of its own shares, valued at 2.25 ringgit each, for the UOL stake. MUM's paid-up capital would then be increased to 180m shares of 50 cents each. UOL has a paid-up capital of S$127m (US$57.7m), and had pre tax profits of S$21.6m for the year to December 1983.

Like most Singapore property companies, UOL's current performance is likely to be affected by the property glut on the island republic, but MUI feels it is the right time to get into the Singapore market, particularly when it is offering paper and not cash for a strategic stake in a major property company.

Of even greater significance is the potential spin-offs arising from closer links between the MUI and UOB groups. Both are involved in banking, finance, insurance, hotels and property development, and are known to be close to the political leadership of the respective countries.

Toray Industries raises turnover and earnings

TORAY INDUSTRIES, Japan's leading synthetic fibre manufacturer, yesterday reported consolidated net sales of Y398bn ($1.57bn) and net income of Y8.18bn for the six months ended September 30.

Net sales and net income increased by 7.9 per cent and 35.7 per cent respectively, compared with the same period last year.

Sales of the group's main fibres, as well as specialty fibres and textiles, were successful, but sales of fabrics using polyester filament yarn were dull. As a whole, sales of synthetic fibres and textiles increased by 2.9 per cent over the corresponding period last year.

The company is forecasting group net sales of Y810bn and net income of Y15bn for the year ending to March.

● Mr Hiroshi Okaniwa, chairman of Sanko Steamship, has strongly denied rumours that the company is in financial trouble again.

Sanko's reconstruction plan is making smooth headway with the firm support of major banks, he said.

Mr Okaniwa was talking to newsmen as Sanko's stock price plunged by Y12 to Y90 amid rumours originating from the Hong Kong market that the company was in financial difficulty.

Referring to Sanko's three year reconstruction plan starting in fiscal 1984, Mr Okaniwa said that the company, although now in deficit, expected to reach the breakeven point in 1986 and earn a profit from 1987.

Of the many bulk carriers ordered by Sanko, 65 are already commissioned and operating at a profit through efficient sailing plans, he said.

Agencies

WORLD STOCK MARKETS

WALL STREET

Nervousness before weekend

NARROW MOVEMENTS were recorded on Wall Street yesterday, when the market paused after its early week advance.

By 1 pm the Dow Jones Industrial Average held unchanged at 1270.41, netting a rise of 43.07 on the week, while the NYSE All Common index, at $102.17, gained 14 cents on the day and $2.13 on the week. The Transport Index shed 0.45 to 604.07, reducing its rise on the week to 24.33. Trading volume dropped 42.3m shares to 86.5m, compared with 1 pm Thursday.

Analysts said the morning report that December durable goods orders fell 2.1 per cent may have caused some nervousness among investors who recorded huge profits earlier this week.

In addition, Federal Reserve Board member Lyle Gramley said the Central Bank's fight against inflation is not finished and future money supply growth should be restrained.

Fannie Mae, the volume leader, advanced $1½ to $17⅝ on turnover of 1.8m shares.

Takeover speculation again surrounded Enserch, which improved $1½ to $25 in active trading. Analysts said a 43 per cent rise in the company's natural gas reserve reported Thursday could make it a serious acquisition candidate.

Phillips Petroleum, the beneficiary of numerous takeover rumours this week, put on another $⅞ to $48⅞ and was the third most heavily traded issue. Several "large" investors are rumoured to be accumulating stock in the oil company.

Pennzoil was also rumoured to be interested in Phillips, although Pennzoil has not commented. Pennzoil's board had a regularly scheduled meeting yesterday.

International Paper moved up $1¼ to $55⅛ in active trading.

American Natural Resources were lifted $2⅛ to $44 in heavier than normal trading.

THE AMERICAN SE Market Value Index firmed 0.02 to 218.89, making a gain of 5.50 on the week. Trading volume decreased 1.63m shares to 6.11m shares, compared with 1 pm Thursday.

Closing prices for North America were not available for this edition.

CANADA

Canadian stock prices extended their winning streak into the tenth consecutive session with modest rises at midsession.

The Toronto Composite Index was up 7.0 at 2,533.0, slightly off its high of 2,535.2 reached earlier in the morning. But Metals and Minerals shed 4.2 to 212.4, Golds 14.0 to 2836.9 and Oil and Gas 3.3 to 3047.3.

Bell Canada were active again, up $¼ at $37 — it recently released higher fourth quarter and year earnings and announced a $3 share bid for Daon, unchanged at $2.97.

TOKYO

Share prices closed sharply lower in active trading on Thursday's mixed Wall Street close and end-of-month bearishness, dealers said.

The Nikkei Dow Jones Market Average ended down 71.26 at 1,785.10, after recovering some of its 109.11 morning loss. Turnover 400m (350m) shares.

"The average plummeted in hectic trading until a mid-afternoon slowdown helped cool it off," said one dealer. "But the wait-and-see mood continued," he added.

The SE Index lost 6.83 to 921.72. Volume 17m (same) shares.

International populars mostly fell.

Financials and Trading houses declined across the board and most non-ferrous metals foods and textiles also eased.

A local Press report that United States orders from some domestic makers of integrated circuit assembly machines have been cancelled caused related medium-sized company's shares to fall and drove Canon down Y40 to 1,350.

Sanko Steamship lost Y12 to 90 on a 1m share short sale, which dragged down other shippings and shipbuildings. But active late afternoon buying of some drugs and speculatives lifted the general mood, dealers said.

GERMANY

Leading share prices closed mixed after another day of wide swings as a weaker start was countered by a strong recovery in late bourse trading.

Dealers said fears the bundesbank may next week increase German interest rates are hanging over markets. Trading yesterday was mainly of a technical nature, with some investors hunting bargains after the recent retreat from record highs.

The Commerzbank Index of 60 leading shares, set at midsession, caught some of the day's weakest price levels and declined 10.3 to 1,139.2.

Blue Chip Siemens rose another FFr 2.2 to 495.2 on continued strong demand.

In engineerings, Deutsche Babcock shed DM 1 to 155 despite news it will restore a DM 3 dividend for the year ended September 10 1984 after two years omission.

AUSTRALIA

Firm on heavy turnover with solid support for situation stocks offsetting weakness among mines, brokers said.

The All Ordinaries Index was up 1.5 at 754.8 and the All Industrials Index 3.2 at 1138.6. Turnover 40.78m (38.2m) shares worth about $A64.29m ($A59.22m). Rises outnumbered falls 163-to-142.

Brokers said retail issues were the focus of attention with the Retail Index gaining 45.3 to 1121.5.

Woolworths improved 32 cents to $A3.38 and were actively sought following a Press report that a Melbourne broker had approached institutional shareholders with an offer of $A3.30 a share for 14.25m shares.

Gold's fall below 300 U.S. dollars an ounce prompted heavy selling in the mining sector.

HONG KONG

Share prices reversed early gains to close mostly lower after an active session.

Operators, mainly "small" investors, squared their books following a second failure of the Hang Seng Index to breach the psychologically important 1,400 mark.

The index ended 10.98 off at 1,373.91, after it gained 10.29 to 1,395.16 at mid morning.

Brokers said a lower U.S. interest rate trend may lend some support to share prices here, but noted a feeling that an imminent interest rate reduction here is unlikely.

China Light and Power rose 80 cents to HK$15—is said Thursday that a nuclear power station it is helping to build in China could have local consumers as much as HK$80m over the next three decades.

SINGAPORE

Higher over a broad front in moderate trading. Short covering ahead of the weekend and some bargain hunting helped share prices.

The Straits Times Industrial Index gained 6.35 to 776.19 and the SE Industrial/Commercial Index rose 4.23 to 560.09. Turnover 10.8m (9.1m) shares.

Dealers weren't very encouraged by the market's firmer tone, dismissing it as mainly a technical reaction to the Bourse's recent oversold position.

JOHANNESBURG

Gold shares closed sharply lower, extending early losses in fairly active selling as the bullion price continued below $U.S.300 and the rand remained firm.

SWITZERLAND

Domestic stock prices closed mixed in fairly active trading, with some profit-taking noted ahead of the week-end.

Dealers said some position squaring set in after recent strong gains, which took the Swiss Bank Corp index to a new all-time high. But the underlying trend was still firm, with the dollar's slight fall boosting sentiment.

Chemicals were again buoyed by hopes of higher profits and dividend payouts.

The Swiss bond market closed easier, with interest rate concerns depressing sentiment.

Foreign shares were generally little changed, with dollar stocks mixed on large volume.

CANADA

Stock	Jan. 24	Jan. 23	Stock	Jan. 24	Jan. 23	Stock	Jan. 24	Jan. 23	Stock	Jan. 24	Jan. 23	Stock	Jan. 24	Jan. 23
AMCA Intl.	17	17½	Cambell Red Lk.	22⅛	22⅜	Dome Mines	9⅝	9⅛	Loblaw	19⅛	19⅛	Ranger Oil	6½	6½
Abitibi	34	34½	Can. Cement Pt.	13¼	12¼	Dome Petroleum	2.43	2.40	Macmil. Bloedel.	28¾	28	Reed Stenhs.	19½	19⅜
Agnico Eagle	12⅞	13	Can. NW Energy.	25¾	25½	Domtar	37	36½	Marks & Spencer	6⅛	6⅜	Rio Algom	24	25⅛
Alberta Energy	21	20½	Can. Packers	29⅜	29¼	Falconbridge	89	88⅛	MasseyFerguson	3.70	3.75	Royal Bank A	31	31
Alcan Aluminium	40	39⅝	Can. Trustco	32⅛	32	Fed. Inds A	19¼	19⅝	McIntyre Mines	39¾	39⅝	Royal Trust A	17¾	17¼
Algoma Steel	20½	21½	Can. Imp. Bank	31⅛	31¼	Grendis A	25⅝	25¼	Mitel Corpn.	9	8⅞			
Argen Inc	17¾	17¾	Can. Pacific	54½	55	Genstar	29⅝	28⅝	Molson A	17⅛	16⅞	Sceptre Res.	5⅝	5⅞
Bank Montreal	28	27⅞	Can. Pac. Ents.	26¼	26⅜	Giant Y'knife	12	12⅜	Moore Corp.	64⅝	64	Seagram	52⅝	52¾
Bank Nova Scotia	14	14⅛	Can. Tire C.	11	10⅝	Gt. West Life	330	3.50	Nat. Sea Prods A	5⅛	5⅛	Sears Can. Inc.	7⅝	7½
BCE	36	35	Canfor.	12⅞	12¾	Gulf Canada	16⅝	16⅞	Noranda Inc.	20⅛	20	Shell Canada Oil	22½	22¼
Bombardier	18	18	Carling O'Kfe.	14½	14½	Hawker Sid.Can.	19⅜	19⅞	Norcen Energy	15⅛	14⅞	Stelco	23½	23½
Bow Valley.	17	16⅞	Chieftain	13¼	13¼	Hudson's Bay.	18½	18⅛	Nth. Telecom.	49¾	49⅝	Teck B.	12½	11¾
BP Canada Res.	26	25⅞	Cominco	14¼	14⅞	Husky Oil	10⅝	10¾	Nova Alberta	7½	7⅛	Texaco Canada	35⅝	35¾
Brascan A	34	33½	Conigas Mines.	6½	5½	Imasco	49¼	49	Numac Oil	14⅛	15¾	Thomson New.	33¼	32¼
Brinco	1.75	1.69	Cons. Bathst. A	17¼	17⅛	Imperial Oil A	43⅝	43⅝	Oakwood Pet.	4.85	5.00	Toronto Dom. Bk.	18¾	18¾
B.C Forest	11½	11⅝	Copper Lake	0.57	0.60	Inco.	17⅞	18¼				TranstaIaA.	23½	23⅝
CIL Inc	26⅝	26⅝	Coremark Intl.	7½	7¼	Indal	13¾	14	Pan Can Pet.	27	27	Trans. Can. Pipe.	22	21
Cad r Fairview.	15	15	Costain	9¼	9¼	Int. Pipe.	34⅞	34¾	Placer Dev.	24⅜	24¾	Walker Hiram	26⅝	26⅞
			Denison Mines A	15⅝	15⅝	Labatt (John)	23	22⅛	Power Corp.	38⅛	38	Westcoast Trn.	15⅜	15⅛
			Dofasco	26	26⅛	Lac Minerals	26⅝	27	QuebecSturgeon	3.90	3.80	Weston (Geo.)	80	77¾

** Saturday January 19: Japan Nikkei-Dow 11,952.1, TSE 934.01.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10, and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Exclusive bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling weak

Sterling fell quite sharply in late trading yesterday to finish equal to its record closing low against the dollar and to a record closing low on its exchange rate index. In thin pre-weekend trading sterling was undermined after a fairly steady start, ahead of the Opec conference. There were no signs of any intervention by central banks.

The pound closed at $1.1100-1.1110, down 70 points from Thursday and equal to its record closing low touched on Wednesday. Its index finished at 70.6 down from 70.7, having touched a best level of 70.8 at the opening and in early afternoon trading. Against the D-mark it fell to an all time closing low of DM 3.52 from DM 3.53 on Thursday and Y282.0 from Y283.75. Against the Swiss franc it fell to SwFr 2.9575 from SwFr 2.9700 and FFr 10.7550 compared with FFr 10.8025.

The dollar finished on a firmer note in the absence of any central bank intervention. Its trade weighted index was unchanged at 146.1 but the dollar rose to DM 3.1660 from DM 3.1560 against the D-mark and Y253.90 from Y253.70. It was also firmer against the Swiss franc at SwFr 2.6610.

£ in New York

	January 25	Prev. close
£ Spot	$1.1103-1.1113	$1.1160-1.1177
1 month	0.40-0.38 pm	0.40-0.38pm
3 months	1.06-1.04 pm	1.05-1.03pm
12 months	2.45-2.30 pm	2.47-2.37pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Jan 25	Previous
8.30 am	70.8	70.8
9.00 am	70.7	70.7
10.00 am	70.7	70.7
11.00 am	70.7	70.6
Noon	70.8	70.6
1.00 pm	70.8	70.6
2.00 pm	70.7	70.7
3.00 pm	70.7	70.6
4.00 pm	70.6	70.7

POUND SPOT—FORWARD AGAINST POUND

Jan 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1085-1.1205	1.1100-1.1110	0.40-0.37c pm	4.16	1.10-1.05pm	3.87
Canada	1.4735-1.4840	1.4740-1.4750	0.36-0.27c pm	2.56	1.03-0.90 pm	2.62
Nethlnd.	3.97¾-4.00¾	3.97¾-3.98¾	2⅞-2c pm	6.41	6¼-6pm	6.16
Belgium	70.30-70.79	70.30-70.40	14-9c pm	1.96	34-25pm	1.68
Denmark	12.54-12.63	12.54-12.65	⅜ore pm-⅜ dis	−0.18	1½pm-par	0.09
Ireland	1.1331-1.1383	1.1344-1.1354	0.16-0.32p dis	−2.54	0.49-0.79dis	−2.25
W. Ger.	3.51½-3.54	3.51½-3.52½	2-1⅞pf pm	6.60	5½-5¼pm	6.18
Portugal	191.40-193.79	191.46-192.75	100-470c dis	−20.30	540-1390d	−20.09
Spain	194.58-195.92	194.60-195.00	10-25c dis	−1.08	30-60dis	−0.92
Italy	2,165½-2,181¾	2,167-2,168	3½-6 lire dis	−2.63	12-16dis	−2.58
Norway	10.15¾-10.25½	10.15½-10.16¼	¼ore pm-¾ dis	−0.37	¼pm-¼dis	−0.05
France	10.75-10.82¼	10.75-10.76	2-1⅝c pm	1.95	4½-3¼pm	1.42
Sweden	10.03½-10.12	10.03½-10.04½	⅛-1⅛ore dis	−0.40	2⅞-3⅛dis	−1.17
Japan	281½-284½	281½-282½	1.50-1.40y pm	6.17	4.05-3.95pm	5.67
Austria	24.70-24.86	24.71-24.75	12½-10⅞gro pm	5.68	33-29¼pm	5.07
Switz.	2.95¾-2.97½	2.95¼-2.96¾	1⅝-1⅝c pm	6.85	5-4¾pm	6.59

Belgian rate is for convertible francs. Financial franc 70.60-70.70. Six-month forward dollar 1.83-1.78c pm, 12-month 2.60-2.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1085-1.1205	1.1100-1.1110	0.40-0.37c pm	4.16	1.10-1.05pm	3.87
Ireland†	0.9875-0.9885	0.9815-0.9825	0.57-0.52c pm	6.65	1.52-1.44pm	6.02
Canada	1.3233-1.3254	1.3249-1.3254	0.16-0.19c dis	−1.59	0.39-0.44dis	−1.25
Nethlnd.	3.5645-3.5815	3.5780-3.5790	0.69-0.66c pm	2.27	2.04-2.01pm	2.27
Belgium	63.10-63.40	63.30-63.40	12-13c dis	−2.37	34-36dis	−2.21
Denmark	11.25¾-11.30¾	11.29¾-11.30¾	3-3½ore dis	−3.46	8¼-8¾dis	−3.02
W. Ger.	3.1515-3.1680	3.1655-3.1665	0.67-0.62pf pm	2.45	1.90-1.85pm	2.37
Portugal	172¼-173	172½-173	225-475c dis	−24.35	650-1400d	−23.77
Spain	174.45-175.20	174.70-174.80	70-78c dis	−5.08	200-215dis	−4.74
Italy	1,944½-1,951	1,949½-1,950½	10½-11 lire dis	−6.62	31-32dis	−6.46
Norway	9.12½-9.17	9.15¾-9.16¼	2¾-3¼ore dis	−3.93	8½-9dis	−3.82
France	9.64¾-9.67	9.68¼-9.68¾	1.75-1.85c dis	−2.23	5.65-5.85dis	−2.36
Sweden	9.01¾-9.04½	9.03¾-9.04¼	3½-4¼ore dis	−5.32	10¾-11½dis	−4.93
Japan	253.50-253.95	253.85-253.95	0.42-0.38y pm	1.89	1.23-1.18pm	1.90
Austria	22.14¾-22.24¾	22.16-22.18	3.00-2.40gro pm	1.46	8-6pm	1.26
Switz.	2.6470-2.6640	2.6605-2.6615	0.60-0.55c pm	2.60	1.88-1.82pm	2.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.55-63.65.

OTHER CURRENCIES

Jan. 25	£	$		£	Note Rates
Argentina Peso	254.45-254.90	210.37-210.57	Austria		24.70-25.00
Australia Dollar	1.3575-1.3595	1.2251-1.2260	Belgium		70.70-71.60
Brazil Cruzeiro	3,834-3,858	3,441-3,456	Denmark		12.53-12.65
Finland Markka	7.3770-7.4090	6.6250-6.6270	France		10.76-10.90
Greek Drachma	145.28-146.18	128.15-130.74	Germany		3.52-3.56
Hong Kong Dollar	8.6790-8.6905	7.7930-7.7960	Italy		2165-2195
Iran Rial	106.00*	94.20*	Japan		282-287
Kuwait Dinar (KD)	0.34130-0.3420	0.3059-0.3060	Netherlands		3.97-4.01
Luxembourg Fr.	70.30-70.40	63.30-63.40	Norway		10.10-10.29
Malaysia Dollar	2.7630-2.7690	2.4880-2.4895	Portugal		190-203
New Zealand Dlr.	2.2765-2.2775	2.1275-2.1300	Spain		192-202
Saudi Arab. Riyal	3.9990-4.0040	3.5995-3.6015	Sweden		10.05-10.15
Singapore Dollar	2.4495-2.4540	2.1995-2.2015	Switzerland		2.96-2.99
Sth African Rand	2.4995-2.5140	2.2350-2.2395	United States		1.11-1.13
U.A.E. Dirham	4.1015-4.1065	3.6720-3.6730	Yugoslavia		271-305

* Selling rate.

EXCHANGE CROSS RATES

Jan. 25	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.111	3.520	282.0	10.76	2.958	3.978	2166.	1.475	70.35
U.S. Dollar	0.900	1.	3.166	253.9	9.685	2.661	3.579	1950.	1.328	63.25
Deutschemark	0.284	0.316	1.	80.11	3.055	0.840	1.130	615.8	0.419	19.99
Japanese Yen 1,000	3.546	3.938	12.48	1000.	38.14	10.49	14.10	7686.	5.229	249.5
French Franc 10	0.930	1.033	3.273	262.2	10.	2.750	3.698	2015.	1.371	65.41
Swiss Franc	0.338	0.376	1.190	95.35	3.637	1.	1.345	732.9	0.499	23.79
Dutch Guilder	0.251	0.279	0.885	70.90	2.704	0.744	1.	544.9	0.371	17.69
Italian Lira 1,000	0.461	0.512	1.624	130.1	4.962	1.364	1.835	1000.	0.680	32.46
Canadian Dollar	0.678	0.753	2.387	191.3	7.294	2.005	2.698	1470.	1.	47.71
Belgian Franc 100	1.421	1.579	5.004	400.9	15.29	4.204	5.654	3081.	2.096	100.

MONEY MARKETS

Nervous trading

UK interest rates were slightly easier from Thursday's close but finished at the top of the day's range as sterling moved weaker towards the close. An initial fall in rates had reflected sterling's steadier performance but with *short term rates staying firm on* a shortage of funds and nervousness creeping into the market ahead of this weekend's Opec meeting, rates were marked up accordingly.

UK clearing banks' base lending rate 12 per cent since January 14

Three-month interbank money touched a low of 12⅛-12¼ per cent, down from Thursday's close of 12⅜-12½ per cent but finished at 12¼-12⅜ per cent. Three-month eligible bank bills were bid at 11⅞ per cent compared with 11⅞ per cent. Weekend interbank money opened at 11⅞-11⅞ per cent and eased to 10½ per cent before rising to a high of 16 per cent. Late balances were taken at 12 per cent.

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £333m and a rise in the note circulation a further £210m. On the other hand Exchequer transactions added £15m. To help alleviate the shortage, the Bank offered an early round of assistance, totalling £446m and comprising purchases of £9m of eligible bank bills in band 2 (15-33 days) at 11⅞ per cent and £82m in band 3 (34-63 days) at 11⅞ per cent. In band 4 (64-91 days) it bought £7m of Treasury bills, £2m of local authority bills and £346m of eligible bank bills all at 11⅞ per cent.

Further help in the morning was made up of purchases of £47m of eligible bank bills in band 3 at 11⅞ per cent. In the afternoon the Bank gave help of £44m through purchases of £5m of eligible bank bills in band 2 at 11⅞ per cent, £4m in band 3 at 11⅞ per cent and £35m in band 4 at 11⅞ per cent. Total help came to £537m.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Jan. 25 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10½-16	11¾-12	11½-12¼	10¾-11½	—	—	—	—	—
2 days notice	—	—	12-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12⅛	12⅛-12⅜	12¼-12½	11¾-12	—	—	—	—	—
One month	12¼-12⅜	12⅛-12⅜	12⅜	12½	12	[illegible]	11⅞	11⅞	11⅞	12⅛
Two months	12⅜-12⅜	12⅜-12⅜	12⅜	12⅜	11¾	11⅞	11⅞	11⅞	11	12⅛
Three months	12⅛-12⅜	12⅛-12⅜	12¼	12⅜	11⅞	11⅝	11⅞	11⅞	11⅞	12
Six months	11⅞-11⅞	11⅞-12	11⅞	—	—	—	—	11	11⅞	11
Nine months	11⅞-11⅞	11⅞-11⅞	—	—	—	—	—		—	—
One year	11¾-11⅝	11¾-11⅞	11¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13-12⅝	—	12⅜	8.0-8.1	7⅞-8⅛	9⅝-9¼
Two months	12⅞-12½	—	12⅜	8.05-8.15	7⅞-8⅛	9⅝-9¼
Three months	12⅞-12½	—	12⅜	8.1-8.2	8-8¼	9⅝-9¼
Six months	12⅛-11¾	—	12⅛	8.4-8.5	8⅛-8⅜	9⅝-9¼
Nine months	12⅝-12	—	11⅞	8.7-8.9	—	—
One year	12⅛-11¾	—	11¾	9.15-9.35	8⅞-8⅞	9⅝-9¼
Two years	—	11⅞	—	—	—	—
Three years	—	11½	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from January 1 1985. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rates for sums at seven days' notice 9 per cent. Treasury Bills: Average tender rates of discount 11.5234 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11¾ per cent; one-three months 12 per cent; three-six months 11¾ per cent; six-nine months 11¾ per cent; nine-12 months 11¾ per cent. Under £100,000 11 per cent from January 15. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 25)

3 months U.S. dollars: bid 8 3/16 — offer 8 5/16

6 months U.S. dollars: bid 8 1/2 — offer 8 5/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11½-12	8¼-8⅝	9-9½	5⅛-5⅛	⅜-1	5⅛-5⅛	10¼-10½	14-15	10-10½	10⅛-10⅝	6⅛-6⅝	12⅛-12⅝
7 days' notice	12-12¼	8⅛-8¼	9-9½	5⅛-5⅛	12¾-13	5⅛-5⅝	10¼-10⅝	14-15	10⅛-10⅜	10⅛-10⅛	6-6	12⅛-13
Month	12-12¼	8⅛-8⅛	9⅛-9⅝	5⅛-5⅛	5⅝-5½	5⅝-5⅝	10⅛-10⅜	14⅝-15⅛	10⅛-11	10⅛-10⅜	6⅛-6	11⅛-12⅛
Three months	12⅛-12⅜	8⅛-8⅝	9⅛-9⅛	5⅞-6	5¼-5⅝	5⅝-5⅞	10⅛-10¼	14⅝-15¼	10⅛-11	10⅛-10⅛	6⅛-6	11⅛-12
Six months	12⅛-12⅛	8⅛-8⅛	9⅛-9⅛	6-6⅛	5¼-5⅝	6⅛-6⅛	11-11⅛	14⅝-15	10⅛-11	10⅛-10⅛	6⅛-6	11⅛-11
One year	11⅞-11⅞	9⅛-9⅛	9⅛-9⅛	6⅛-6⅛	5⅛-5⅛	6⅛-6⅛	11⅛-11⅛	14⅛-15¼	10⅛-11	10⅛-10⅛	6⅛-6⅛	11⅛-11

Asian $ (closing rates in Singapore): Short-term 8⅛-8⅛ per cent; seven days 8¼-8¼ per cent; one month 8⅛-8⅛ per cent; three months 8⅜-8⅞ per cent; six months 8⅛-8⅞ per cent; one year 9⅛-9⅛ per cent. Long-term Eurodollars: two years 10⅛-10½ per cent; three years 10⅜-11 per cent; four years 11⅛-11⅞ per cent; five years 11⅛-11⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen, others two days' notice.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Supply fears boost London zinc market

BY OUR COMMODITIES STAFF

DEEPENING CONCERN over supply prospects pushed zinc prices up to 10½-year highs on the London Metal Exchange (LME) this week and the cash quotation ended £21 up on balance at £739.50 a tonne.

Following on news that stocks in LME registered warehouses fell again last week came confirmation that workers at the biggest Peruvian refinery had gone on strike over a wages dispute.

The affected refinery, at Cajamarquilla, employs 800 men and last year produced 83,000 tonnes of zinc, 60 per cent of Peru's output.

The cash high grade copper price finished £3.50 higher at £1,244 a tonne after a mixed week.

A surprise rise in LME stocks last week was shrugged off as prices continued their bull trend early on. A mid-week setback, triggered by what dealers described as "stale bull liquidation" and fuelled by stop loss selling, was quickly recouped as the underlying strong tone was reasserted.

Buyers were encouraged by news that Cipec (the Intergovernmental Council of Copper Exporting Countries) was planning discussions on market support measures.

Lead was also quite firm with the cash LME quotation ending £15.50 up at £388 a tonne. In the absence of fresh fundamental news dealers saw this rise as a belated reaction to copper's recent strength.

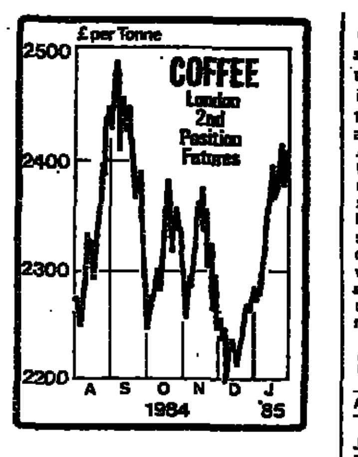
Cash nickel's £210 rise to a record £4,600 a tonne was aided by the sabotage of a New Caledonian smelter during the week, but tightening LME supplies and currency factors remained the dominant influences on the market, dealers said.

Aluminium prices moved higher at the start of the week with the cash quotation reaching a 9-month peak in Monday's midday ring, helped by news of a decline in non-communist world production in December.

The market quickly went into reverse, however, in a reaction against the recent sustained upsurge, and cash aluminium ended £19.50 down on the week at £962.50 a tonne.

London's cocoa, coffee and sugar futures markets had a relatively quiet week but all saw sharp rises yesterday.

May delivery cocoa futures rose £21.50 to £2,114 a tonne—up £30.50 on the week—reflecting the late decline in sterling.



This was also the reason behind March coffee's £30.50 rise to £2,400 a tonne—up £31 on the week.

Nearby sugar futures prices were up modestly early in the day but put on a spurt in late trading, encouraged by New York's strong opening, to register gains of $9 or $10 a tonne.

INDICES

FINANCIAL TIMES

Jan. 24	Jan. 25	M'th ago	Year ago
297.07	297.55	290.52	295.52

(Base: July 1 1952 = 100)

REUTERS

Jan. 25	Jan. 24	M'th ago	Year ago
1996.2	2004.3	—	1989.5

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
965.9	966.4	—	140.42

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	131.99	132.63	—	140.49
Fut	131.33	131.93	—	143.63

(Base: December 31 1974 = 100)

AMERICAN MARKETS

Precious metals were mostly lower as *gold and silver traded lightly*, searching for some fundamental news to take them out of the present trading range, reports Heinold Commodities. Heating oil was slightly higher ahead of the Opec meeting on Monday. A new cold wave in the U.S. provided light support amid fears that Opec may not be able to defend its price *structure*. *Aluminium was sharply* lower on long liquidation and trade selling. Copper finished about unchanged on steady technical support which overcame selling by arbitragers against weaker sterling: indications of declining stocks helped attract commission house buying. Sugar rallied on commercial and professional buying *related allegedly to new buying by* China. Cocoa closed higher on concern that lower than expected Ghanaian arrivals are indicative of lower crop prospects. Coffee was steady to marginally higher on concern about the tight deliverable supplies. Soyabeans and grains finished higher as bad weather further restricted the disappointing country movement. General *support carried the markets towards* moderate gains. Traders evened up on the close ahead of the final crop production estimates and good buying by professionals and commercials contributed to a strong rally. Cotton came under light pressure following reports of poor mill consumption.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	48.30	—	—	48.95
Feb	48.40	—	—	49.10
March	48.75	49.75	48.60	49.45
May	49.40	50.06	49.30	50.15
July	50.05	50.85	50.65	50.85
Sept	50.70	51.56	51.55	51.55
Dec	51.75	—	—	52.65
Jan	52.10	—	—	53.00
March	52.80	—	—	53.75
May	53.50	—	—	54.50

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2210	2218	2168	2163
May	2235	2242	2170	2186
July	2220	2220	2161	2168
Sept	2200	2200	2145	2155
Dec	2130	2125	2067	2085
March	2125	2125	2075	2083
May	—	—	—	2083

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	60.60	60.35	60.35	60.65
Feb	60.75	—	—	60.80
March	61.10	61.40	60.60	61.15
May	61.45	61.70	61.00	61.40
July	61.75	62.00	61.30	61.70
Sept	62.00	62.20	61.75	61.95

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	599.9	599.0	599.0	600.1
Feb	600.2	—	—	600.7
March	604.0	605.0	598.0	604.5
May	612.0	613.5	606.0	612.6
July	620.5	622.0	615.0	621.2
Sept	629.8	629.0	624.0	630.6
Dec	644.7	643.0	639.0	645.6
Jan	649.7	—	—	650.7
March	660.0	661.0	658.0	661.1
May	671.1	671.0	671.0	672.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.54	4.60	4.19	4.20
May	4.90	4.96	4.55	4.57
July	5.25	5.31	4.93	4.93
Sept	5.49	5.46	5.18	5.18
Oct	5.63	5.72	5.35	5.34
Jan	6.10	5.85	5.85	5.81
March	6.52	6.57	6.29	6.25
May	6.77	6.77	6.54	6.53

CHICAGO

LIVE CATTLE 50,000 lbs, cents/lbs

	Close	High	Low	Prev
Feb	64.97	65.20	64.85	65.12
April	67.37	67.40	67.15	67.37
June	67.92	68.00	67.62	67.87

[illegible] الأصل

هكذا صار الأجل

APPOINTMENTS

Humphreys & Glasgow chief

Mr. William H. Fraser has joined HUMPHREYS & GLASGOW to become chairman and chief executive officer on February 1. He was vice president and chief executive of McDermott Marine Engineering and before that was managing director of Foster Wheeler Offshore in London. Humphreys & Glasgow is a subsidiary of Enserch Corporation, Dallas, Texas.

★

MOSS GEARS & TRANSMISSIONS has appointed Mr A. C. Purdue managing director. He was manufacturing director of G KN Axles.

★

M Jean-Pierre Burf has been appointed deputy chairman of DBL SECURITIES, a London subsidiary of Drexel Burnham, the Wall Street securities house.

★

MACHINE TOOL INVESTMENTS has apointed Mr Paul J. Maynard managing director. He was Sales director.

A former operations manager with the Lex Motor Company, Mr Edwin Swatman has been appointed sales director of SUBARU (UK).

★

Mr John Curtis has been appointed marketing director of PITNEY BOWES. He joins from Rank &erox (UK) where he was marketing operations manager.

★

Mr Brian Coleman-Smith, financial sales director of The Guardian, has been appointed a director of BURSON-MARSTELLER FINANCIAL with specific responsibilities for financial and corporate advertising.

★

At WYMAN-HARRIS Mr Christopher Nutt becomes managing director in succession to Mr George Gittos who continues as chairman.

★

COUNTY BANK has appointed Mr Roy Peters as deputy managing director (UK) of County Bank Investment Management. He has been with County Bank since August 1980 and was appointed a director of the bank in October 1981.

★

Mr S. D. C. E. Lynn has been appointed an associate director of PURCELL GRAHAM AND CO.

★

CLAYBROOK COMPUTING has appointed Mr David A. Jerrett as finance director and company secretary.

★

Mr J. Tamberlin has been appointed chairman designate and Mr S. Martin managing director designate of WOLVERHAMPTON METAL, Wednesfield, a subsidiary of IMI. They will formally succeed Mr F. W. James, who currently holds both appointments, when he retires in July. Mr Tamberlin will continue as managing director and Mr Martin will continue as commercial director of IMI Refiners, Walsall.

★

Mr J. M. Everitt has been appointed managing director of SIMPLEX MECHANICAL HANDLING, Bedford. He was production director. Mr R. A. Wenham has retired as managing director but remains on the board as non-executive director. Mr Robin Dedrick has been made sales director, and Mr Michael Wemyss becomes a director.

★

HOLCO TRADING a member of the E. D. and F. Man group, has appointedl Mr S. M. B. Spencer as a director of the company. Holco is a ring dealing member of the London Metal Exchange.

★

Mr A. Johnston Brown has been appointed secretary of STURGE HOLDINGS, following the retirement of Mr L. E. Drage.

★

Changes at Nordic

The following changes will take place in NORDIC BANK, London, a wholly-owned subsidiary of Den norske Creditbank (DnC), Oslo, from February. Mr Stein Wessel-Aas will become managing director and chief executive officer. Mr John R. Sclater, currently managing director, will become non-executive chairman of the bank. Mr. Borger A. Lenth, deputy chief executive of DnC, will become deputy chairman.

★

In a management reorganisation at GEC COMPUTERS, Borehamwood, Mr Paul B. Rayner becomes managing director.

★

Mr Michael C. Kraland has succeeded Mr Jean-Marie Laborde as group managing director of the HOUSE OF CAMPBELL. Mr Laborde has been appointed managing director of Ricard, in France. The House of Campbell owns the brands Aberlour-Glenlivet, Clan Campbell, House of Lords, King's Ransom, Glenforres-Glenlivet and White Heather, and groups together Scotch Whisky interests for the parent company Pernod-Ricard in France.

★

NETLON has appointed Mr Roger Duckworth as its chairman and chief executive. He was deputy chairman.

★

J. HOWITT AND SON, the original company in the Howitt Group, has appointed a new managing director to run what is now the group's "special products" division. Mr Keith Lyons, currently managing director of Aeroprint, Bradbury Wilkinson's specialist security subsidiary, replaces Howitt Group chairman, Mr Patrick Howitt. Mr Brian Mills takes responsibility for the commercial printing division of the group having been managing director of commercial sheet fed subsidiary Hill and Tyler. Mr Graham Bellamy, J. Howitt and Son research and development director, becomes special products sales development director, and former J. Howitt and Son sales director, Mr Paul Dane, becomes director in charge of national accounts. Northern sales director, Mr Roy Dutton, switches from J. Howitt and Son to commercial print sales. Mr Howitt intends to concentrate on group planning and development.

★

Mr Alexander (Sandy) Storrar, formerly of the World Bank in Washington, has taken over as chairman of MINSTER AGRICULTURE on the retirement of Mr Anthony Hannen. Mr Storrar has been deputy chairman since last July.

★

Mr John Hunt has been promoted to chief executive of REX STEWART & ASSOCIATES GROUP to replace Mr David Mitchell who is taking early retirement. Mr Barry On is promoted to deputy chief executive of the group, and continues as chairman and chief executive of the RSA English Group. Mr Robert B. Ballantyne is appointed chairman of the RSA (Scotland) Group, remaining chief executive.

★

Mr Kenneth G. Baker has been appointed to the new position of personnel controller (director designate) by R. MANSELL, Croydon-based building group.

★

Mr Donald Town (group marine manager, Sun Alliance Group) and Mr David Lowen (a director, a general manager and marine underwriter, Orion Insurance Co) have been re-elected chairman and deputy chairman, respectively, of the INSTITUTE OF LONDON UNDERWRITERS.

★

Mr Kit Horntvedth has been appointed client service director of McAVOY WREFORD BAYLEY with responsibility for new business projects. He was formerly a director of Ayer Barker.

★

Mr Geoffrey Coleman returns to the NATIONAL FREIGHT CONSORTIUM, joining British Road Services Southern as commercial director. He was previously general manager with TNT South Western which he joined in 1982 from NFC Roadline Group.

★

Dr R. J. Bishop has been appointed managing director of CADCENTRE, Cambridge. He joins on February 1 having spent 17 years with the Turner and Newall Group, recently as managing director of TAC Construction Materials.

★

Mr Geoffrey Yeowart, Mr Robert Kidby, Mr Rodney Smyth, Mr David Cox and Mr John Penson will become partners of DURRANT PIESSE.

★

Honeywell sales chief

HONEYWELL INFORMATION SYSTEMS has appointed Mr Paul Kirton as director, sales division, from February 1. He was sales director of Honeywell's northern region.

Mr A. C. Nunn, assistant general manager, Royal Insurance (Int) will retire on March 31 by mutual agreement, to become deputy director, BRITISH INSURANCE (ATOMIC ENERGY) COMMITTEE from April 1.

ECONOMIC DIARY

MONDAY: EEC Foreign Ministers meet in Brussels (until January 29). Opec Ministers meeting in Geneva. FT Conference on the "City as a financial and trading centre" at Skinners' Hall, EC4 (until January 30). Six-nation summit on global peace and disarmament in New Delhi. Austin Rover assembly plant meeting over a sacked shop steward.

TUESDAY: CBI industrial trends survey (January). Fifth session of Stockholm disarmament conference.

WEDNESDAY: Construction — new orders (November). EEC Economic and Social Committee in plenary session (until January 31). European Space Agency Ministers review long-term programme in Rome. Mr Nigel Lawson, Chancellor of the Exchequer, at Newspaper Society lunch. Chatham House hold conference on "Indonesia at the start of the fourth five-year plan." Labour Party National Executive meets to elect new general secretary.

THURSDAY: Bricks and cement production (fourth quarter). Energy trends (November). Unemployment and unfilled vacancies (January). Employment and earnings by industry (November—provisional). Unemployment and unfilled vacancies (December—details). Overseas travel and tourism (November). U.S.-Soviet talks resume on the reduction of forces in Europe.

FRIDAY: U.S. January employment figures. Mr Neil Kinnock, Leader of the Opposition, to address opening session of Labour Party Local Government conference in Birmingham.

Equities regain stability at end of volatile week
Index 11.1 up but little changed over 5-day period

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

A week in London equities, which will be remembered as one of the most volatile ever, drew to a close yesterday with the market attempting to regain composure after a four-day run of extreme unpredictability. Oil price speculation and interest rate anxiety, the cause of the latest two-day setback, tended to fade and most leading shares began to edge higher after a cautious opening.

Revived institutional demand, although far below the scale witnessed recently, coupled with *sporadic American buying of* some blue chip issues gave the upturn momentum. The undertone, however, remained sensitive, awaiting next week's meeting of Opec at which it may be decided to reduce oil prices. A close watch was thus being kept on sterling and on UK money markets.

The latest events in the miners' dispute, especially late news that the two sides would meet on Tuesday for informal talks were, on the other hand, encouraging. Share dealers, however, were generally relieved to see the end of not only a week but also a trading Account which has exerted considerable strain on the jobbing system. The sharp gyrations in share values and particularly the weakness of Electricals, allied to the trading tactics of some institutional investors were held largely responsible for this.

Charting the market's change of course this week, the FT Ordinary share index hit a record 1,024.5 and then slipped back to 985.1 (noon on Wednesday) prior to moving above 1,000 again yesterday. At the close it was 11.1 up at 1,002.8 for a loss of only 1.6 over the five-day period.

Government stocks have also shown a degree of vulnerability. For most of the week the trend was lower but during yesterday's session quotations picked up to stand ¾ higher at one stage. Trade was light and at 3.30 pm the authorities announced new funding, as expected, to the tune of £250m via the issue of two further tranches of index-linked stocks. When dealings resumed at 4.00 pm, all Gilt-edged maturities began easing. Index-linked issues shed all of their earlier gains, while conventional stocks lost ¼ or so with the longs closing a maximum ¼ higher on balance.

NatWest higher

Buyers appeared for the major clearers and with stock again in short supply, the price gains were exaggerated. NatWest closed 17 better and 47 up on the week at 655p. Barclays also firmed 17 to 625p and Lloyds gained 10 to 553p. Midland, however, cheapened a couple of pence to 345p with sentiment still affected by the trading performance of its U.S. *subsidiary*, Crocker National Corporation. Elsewhere, Commercial Bank of Wales rose 7 to 120p in response to the annual results, while English Association, interim figures scheduled for next Wednesday, improved 3 to 55p. First National Finance Corporation continued to reflect comment on the annual profits recovery and rose 4 more for a rise on the week of 8½ to 90p.

Lloyds Brokers were again well to the fore in Insurances. Renewed consideration of their substantial dollar earnings *potential coupled with fresh bid* speculation induced further demand which found stock in short supply. Willis Faber, at 650p, and Stewart Wrightson, at 615p, gained 20 apiece. Hogg Robinson rallied 7 to 257p from the depression caused by the surprise sale of Mills and Allen International's near-8 per cent stake in the company. Composites also performed well. Royals ended 18 to the good at 573p, GRE 16 dearer at 668p and General Accident 14 up at 535p.

Breweries highlighted Allied-Lyons which improved 12 to 189p following publicity given to a meeting with brokers Scrimgeour Kemp-Gee. The chairman's bullish statement at the annual meeting continued to lift Bass, 7 up at 517p.

An initial rally in the Building sector gathered pace as the session wore on and quotations closed at the day's best. Blue Circle, the subject of American buying earlier in the week, settled 5 higher at 510p—a gain of 28 over the five day period. Rugby Portland Cement added 3 to 135p as takeover rumours revived. Selected Contracting and Construction issues attracted support, Tilbury Group rising 6 for a two-day gain of 14 to 134p on speculative buying and IDC firming 4 to 154p ahead of Tuesday's annual results. Revived demand lifted French Kier 7 to 136p.

ICI slipped to 818p before picking up on renewed UK institutional buying to close 4 dearer on balance at 828p for a gain on the week of 42. Among other Chemicals, bid favourite Yorkshire attracted "new time" buying and firmed 3 to 70p, while Brent improved 4 to 118p. Ellis and Everard hardened a couple of pence to 240p following a brokers circular. Revived demand in a restricted market lifted Wolstenholme Rink 8 to 235p, but news that P. L. Kohnstamm had reduced his stake in the company to 25.2 per cent clipped ½ from Horace Cory at 35½p.

House of Fraser buoyant

Leading Retailers shrugged aside interest rate worries and made useful progress across the board. House of Fraser were particularly outstanding and advanced 18 to 338p; investors were apparently not perturbed by the lack of information from the annual meeting and were instead encouraged by revived takeover prospects. Perennial protagonist Lonrho, 3 up at 180p, is due to announce preliminary results next Thursday, while the result of the latest Monopolies Commission probe is also expected shortly. Gussies "A" improved 18 to a new peak of 735p, while Marks and Spencer put on 3 more at 127p. Dixons attracted late support to advance 30 to 594p, after 597p, while revived consortium takeover hopes lifted W. H. Smith "A" 8 to 218p. NSS, 110p, and John Menzies, 248p, rose 6 and 8 respectively. In contrast Rayford Supreme dipped 10 to 150p following reduced full-year profits.

The Electrical leaders remained under the cloud of Racal's second-half profits warning, and fears of future cuts in defence spending. Quotations rallied from the lowest levels, but Racal still closed a further 4 easier and 76 lower on the week at 212p, after 204p. Plessey were sold down to a new 1984-85 low of 184p and then recovered to close a couple of pence dearer on the day at 190p. Thorn EMI fared rather better at 450p, up 9, while British Telecom held the overnight level of 127p. Elsewhere, Systems Designers jumped 35 to 495p on rumours, later strongly denied by SD, of a bid from GEC, while Tunstall Telecom gained 10 to 360p following an investment recommendation. Suter reflected speculative buying with a rise of 14 to 145p, while Muirhead gained 8 to 176p: the latter's annual results are scheduled for February 21. Louis Newmark gained 25 to 215p on further consideration of the interim profits recovery, but Wholesale Fittings plunged 30 to 270p on acute disappointment with the lower interim earnings. International Signal and Control gave up 8 at 252p as did Real Time Control, at 80p.

Leading Engineers passed a rather uninspiring trading session, but quotations were inclined harder. Elsewhere, Ransomes Sims featured a fresh rise of 22 to 490p: the preliminary figures are due to be announced in March. Comment on the proposed rights issue and reorganisation prompted fresh support for Renold which advanced 6 to 61p, while Babcock International closed 13 higher at 179p following the announcement that Deutsche Babcock had returned to the dividend list. Recovery hopes left Redman Heenan 5½ higher at 16p. Whessoe Watson rose 1½ to 10½p in response to Press mention, but Tace encountered further profit-taking and lost 10 to 395p. Vosper ran back 7 to 205p after recent strength on nationalisation compensation hopes.

Tate and Lyle, down 15 on Thursday following disappointing figures from its Canadian subsidiary, slipped to 473p before after-hours' demand left the close unchanged at 480p. Fitch Lovell rallied 5 to 204p on second thoughts about the interim results. Among Food Retailers, current U.S. favourite J. Sainsbury hardened 2 to 318p for a gain on the week of 20, while Albert Fisher moved up 8 to 124p on speculative buying.

Metal Box in demand

Miscellaneous industrial leaders took a distinct turn for the better. Business was generally light but Metal Box encountered persistent demand and closed 20 up at the day's best of 432p. BTR revived with a rise of 16 to 670p and Beecham hardened 5 to 385p. Following statements from both camps in the bid battle, Powell Duffryn closed 8 lower at 430p and Hanson Trust 9 dearer at 342p, which makes Hanson's offer for PD worth 456p per share. Elsewhere, Associated British Ports rose 11 to 234p helped by settlement of the Southampton container port dispute and by the latest moves to end the miners' strike. Revived demand brought a fresh rise of 6 to 159p in European Ferries. Overseas earners in demand included Cookson, 7 up at 527p, and Christies International, 6 better at 494p. Acquisition news left Widney 5 to the good at 25½p while Rockware put on 3 to 46p in response [illegible] 225p, up 8, and Dobson Park added 4½ at 84½p.

Aspinall Holdings, the USM-quoted casino concern, rose 15 to 135p on news that the company is to put up £9m to take a 5 per cent stake in a Cayman Island venture. Among other Leisure issues, Pleasurama continued to attract buyers in the wake of its agreed bid for Trident TV and rose 14 to 430p for a gain on the week of 42. Further demand in a market short of stock lifted Samuelson Group 60 to 640p.

Motors lacked a decided trend. Dowty, buoyant recently following *impressive first-half figures*, rose 7 more to 218p on hopes of developments in the prolonged miners' dispute; Dowty has substantial mining equipment supply interests. Dunlop hardened 2 more to 37½p amid rising hopes of an increased offer from BTR. Belfast-based Distributors Charles Hurst were marked 55 higher to 205p following the bid approach.

Fleet Holdings again held centre-stage among Publishers, rising 7 to 273p on persisting hopes of a bid for a gain of 31 on the week. United Newspapers, which controls just over 18 per cent of Fleet, were themselves wanted and rose 7 to 320p. Business in established and related counters received a considerable boost following the proposed agreed merger between USM concerns Michael Page and Addison Communications; the deal, to be effected via offers from a new company called Addison Page lifted the former 116 to 375p, while Addison closed 63 higher at 265p. Bullish notices emanating from a brokers visit lifted Finlay Packaging 15 to 63p. Fitch rose 25 to 405p after landing a new design contract from Woolworth, 13 up at 633p.

Leading Properties usually regained the previous day's losses. Land Securities improved 5 to 295p and MEPC firmed 4 to 318p. Elsewhere, speculative buying in a restricted market lifted London and Edinburgh 12 to 222p. Ewart New Northern moved up 30 to 270p; brokers Northcote and Co were reported to have been unsuccessful in an 270p each on behalf of a client.

Investors displayed renewed enthusiasm for Textiles. Sentiment was also buoyed by a favourable Press reception of [illegible] which, with the aid of a "buy" recommendation from brokers de Zoete and Bevan, spurred 26 to 355p. Nottingham Manufacturing also benefited from Press mention and advanced 8 for a gain on the week of 22 to 242p: the full-year figures are expected next month. David Dixon, 135p, and Illingworth Morris, 58p, rose 7 and 6 respectively, while support was also forthcoming for Lister which advanced 6 to 58p amid rumours of a bid approach.

Oils gain ground

The oil majors closed a busy week on a firm note but gains were often exaggerated by the market's sensitivity ahead of next Monday's meeting of Opec ministers in Geneva to discuss price differentials. BP and Shell were both 12 up at 517p and 717p [illegible] added 5 at 340p.

Secondary issues were highlighted by Berkeley Exploration which advanced 10 to 135p amid rumours of gas discovery in the North Sea. Falcon Resources continued to attract sizable interest on U.S. exploration hopes and touched a record 324p before closing a net 15 firmer at 320p.

Rue Estates stood out in Plantations, jumping 65 to 490p in response to the excellent annual results.

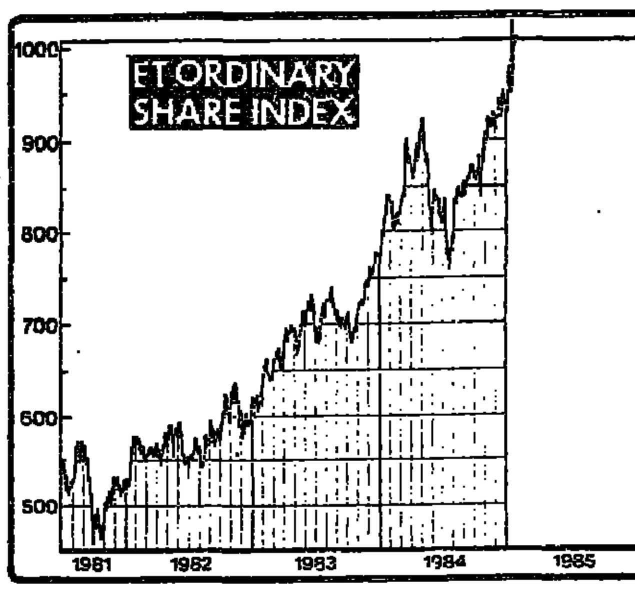
Poor week in Golds

Bullion's latest decline to below the $300 an ounce level left the majority of mining markets thoroughly demoralised. South African Golds ended a dreary week on a depressed note and posted widespread losses for the fifth consecutive day. Selling pressure was rarely more than minimal but the general lack of interest encouraged a gradual decline which left the Gold Mines index a further 3.4 lower at 439.5—a loss of 26.5 on the week and its lowest level since November 26, 1982.

South African Financials performed similarly to Golds with Gencor easing 30 to a 1984/85 low of 930p, and New Wits 23 to 369p. UK issues provided a lone firm feature in Hampton Areas which jumped 15 to 193p in a thin market following news that the company is substantially [illegible] gold prospect near Craig, Colorado by effectively taking control of Centennial Gold and Marathon Gold—its two partners in the venture.

In Golds Poseidon fell 8 to 185p and GMK and Central Norseman 8 apiece to 370p and 363p. Sharply lower interim profits failed to disturb North Broken Hill which were virtually unchanged at 155p.

Traded Options finished the week on a relatively subdued note. Total contracts amounted to 11,051 bringing the week's daily average, buoyed by the expiry of the January series and the introduction of options in BTR, to 14,226. The FT-SE 100 was lively with 753 calls and 1,236 puts struck. British Telecom recorded 1,447 calls, 596 in the February 120's and 666 puts. Imperial Group and Racal attracted 667 and 648 calls respectively.



FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Jan 25 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Thu Jan 24 Index No.	Wed Jan 23 Index No.	Tue Jan 22 Index No.	Mon Jan 21 Index No.	Year ago (approx.) Index No.	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (207)	556.72	+0.7	9.55	3.90	13.09	552.58	562.92	577.15	570.65	496.36	577.15 22/1/85	[illegible]	577.15 22/1/85	50.71 13/12/74
2 Building Materials (23)	506.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (179)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobacco (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 OTHER GROUPS (91)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Miscellaneous (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (105)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (740)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	1288.0	+13.3	1288.0	1274.0		1274.7	1283.7	1305.7	1279.0	—	1305.7 22/1/85	986.9 23/7/84	1305.7 22/1/85	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Jan 25	Day's change %	Thur Jan 24	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	116.18	+0.41	115.34	0.13	1.16
2 5-15 years	125.78	+0.58	125.06	—	0.98
3 Over 15 years	132.06	+0.47	131.44	—	0.99
4 Irredeemables	143.82	+0.51	143.09	—	0.99
5 All stocks	125.14	+0.50	124.57	0.05	0.92
6 Debentures & Loans	106.28	-0.32	106.62	—	0.15
7 Preference	77.11	-0.04	77.14	—	0.30
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	109.18	+0.46	108.68	—	0.18

AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 25	Thur Jan 24	Year ago (approx.)	1984 Highs	1984 Lows
British Government						
1 Low	5 years	11.08	11.15	9.69	12.02 30/7/84	9.24 17/1/84
2 Coupons	15 years	10.93	11.08	10.13	11.65 30/7/84	9.86 9/1/84
3	25 years	10.47	10.47	9.76	10.98 23/7/84	9.63 9/1/84
4 Medium	5 years	11.73	11.87	10.95	12.13 30/7/84	10.49 13/3/84
5 Coupons	15 years	11.36	11.43	10.73	12.20 30/7/84	10.41 9/1/84
6	25 years	10.81	10.86	10.19	11.53 30/7/84	9.87 9/1/84
7 High	5 years	11.81	11.99	11.22	13.18 30/7/84	10.62 6/3/84
8 Coupons	15 years	11.58	11.67	11.05	12.43 30/7/84	10.91 9/1/84
9	25 years	10.84	10.88	10.21	11.60 30/7/84	9.90 9/1/84
10 Irredeemables		10.29	10.33	9.74	10.84 30/7/84	9.54 12/1/84
11 Debs &	5 years	12.14	12.14	11.51	12.99 1/8/84	11.18 22/3/84
12 Loans	15 years	12.09	12.05	11.51	13.06 31/7/84	11.29 29/3/84
13	25 years	12.04	11.97	11.51	12.95 31/7/84	11.29 29/3/84
14 Preference		12.82	12.81	12.15	13.44 17/7/84	11.90 7/3/84
15 Inflation rate	5%	3.37	3.40	3.21	4.02 30/7/84	3.16 4/1/84
16	10%	3.18	3.21	3.03	3.82 30/7/84	2.99 4/1/84

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGE: Churchbury Estates (69) has been deleted but not replaced

FINANCIAL TIMES STOCK INDICES

	Jan. 25	Jan. 24	Jan. 23	Jan. 22	Jan. 21	Jan. 18	Year ago
Government Secs.	79.63	79.32	80.00	80.36	80.80	80.56	83.78
Fixed Interest	84.16	84.03	84.36	84.46	84.14	84.38	87.43
Ordinary	1,002.8	991.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	439.5	442.9	454.3	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	4.29	4.33	4.30	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld. % (full)	10.73	10.84	10.74	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net)	11.20	11.08	11.18	[illegible]	[illegible]	[illegible]	[illegible]
Total bargains (Est.)	31,486	33,447	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shares traded (ml)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 am 996.5, 11 am 996.8, Noon 998.6, 1 pm [illegible], 2 pm 1000.2, 3 pm 1000.5.

Basis 100 Govt. Secs. 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. Latest index 01-246 8026. Nil=10.25.

HIGHS AND LOWS | S.E. ACTIVITY

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Jan. 24	Jan. 23
Govt. Secs.	83.77	75.75	127.4	49.18	Daily Gilt Edged Bargains	161.1	183.5
Fixed Int.	87.48	80.43	150.4	50.53	Equities Bargains / Value	[illegible]	[illegible]
Ordinary	1024.5	755.3	1024.5	49.4	5-day Average Gilt Edged Bargains	164.1	161.7
Gold Mines	711.7	439.5	734.7	43.5	Equities Bargains / Value	[illegible]	[illegible]

LEADERS AND LAGGARDS

Percentage changes since December 31 1984 based on Thursday, January 24 1985

Shipping and Transport	+15.23	Tobacco	+3.94
Newspapers, Publishing	+13.39	500 Share Index	+3.57
Telephone Networks	+12.37	All-Share Index	+3.54
Chemicals	+10.57	Industrial Group	+3.42
Motors	+10.26	Banks	+3.00
Other Groups	+9.76	Consumer Group	+2.67
Office Equipment	+8.51	Financial Group	+2.39
Packaging and Paper	+8.36	Insurance (Life)	+1.21
Overseas Traders	+8.03	Brewers and Distillers	+1.97
Insurance Brokers	+7.77	Insurance (Composite)	+1.91
Merchant Banks	+7.33	Electricals	+1.41
Other Industrial Materials	+6.92	Food Retailing	+1.06
Metals and Metal Forming	+6.45	Stores	+0.95
Mining Finance	+6.28	Leisure	+0.06
Investment Trusts	+6.24	Contracting, Construction	-0.31
Health and Household Products	+5.29	Capital Goods	-1.01
Mechanical Engineering	+4.76	Building Materials	-1.52
Textiles	+4.55	Property	-1.78
Oils	+4.53	Gold Mines Index	-7.57
Food Manufacturing	+4.06	Electronics	-8.37

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 21	Feb 1	April 25	May 7
Feb 4	Feb 15	May 9	May 20
Feb 18	March 1	May 30	June 10

For rate indications see end of Share Information Service

Demand for Options was buoyant again with calls transacted in Hawtin, First National Finance, Atlantic Resources, Combined Technologies, Eglinton Oil, Sellncourt, Edmond Holdings, Hartons, Commercial Union, Booker McConnell, Rockware, Falcon Resources, Jaguar, Premier Oil, Dunlop, Amstrad Consumer Electronics, Vosper, LCP, Racal Electronics, Barker and Dobson, BSG International, Brunswick, FKI, Western Areas, Ultramar, Resource Technology, Mincorp, Tusker, Phicom, Brittell, Enterprise Oil, Ferranti, Raybeck, CASE, BSR, Britannia Arrow, Norfolk Capital, Beckman (A.), Bryson, Sears, Bula and STC. Puts were arranged in Booker McConnell, British Petroleum, Lonrho and Barratt Developments, while double options were effected in Britannia Arrow, Brunswick and Combined Technologies.

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (149)

AMERICANS (19), CANADIANS (11), BANKS (8), BREWERS (2), BUILDINGS (3), CHEMICALS (6), STORES (6), ELECTRICALS (6), ENGINEERING (7), FOODS (4), INDUSTRIALS (17), INSURANCE (6), LEISURE (3), MOTORS (2), NEWSPAPERS (2), PROPERTY (1), TEXTILES (3), TRUSTS (32), OILS (3), OVERSEAS TRADERS (1), MINES (1)

NEW LOWS (35)

AMERICANS (1) [illegible]

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	100	0	3	246	200	79
Corpns. Dom. and Foreign Bonds	22	20	32	76	79	221
Industrials	375	263	876	1,683	1,731	3,817
Financial and Props.	158	79	271	697	548	1,355
Oils	29	33	62	133	129	356
Plantations	7	2	8	24	17	44
Mines	18	64	56	153	290	487
Others	50	74	31	427	227	398
Totals	759	535	1,363	3,543	3,181	6,757

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Addison Comms.	265	+63	Plessey	190	+2
DRG	173	+1	Powell Duffryn	430	-8
Falcon Resources	320	+15	Racal Elect.	212	-4
Hanson Trust	342	+9	Reed Intl	582	+8
Metal Box	432	+20	Stylo	173	+3
Page (Michael)	375	+116	Willis Faber	650	+20

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Falcon Res.	41	[illegible]	[illegible]	Combined Tch.	21	34	[illegible]
Racal Elect.	40	216	[illegible]	Hanson Trust	21	333	[illegible]
DRG	25	172	+13	BTR	20	654	+5
GEC	25	200	[illegible]	Cable & Wire.	20	[illegible]	[illegible]
ICI	24	824	[illegible]	Distillers	20	307	-10
Lucas Inds.	24	[illegible]	[illegible]	Fleet Holdings	20	266	+6
Jaguar	23	[illegible]	[illegible]	Lonrho	20	177	+2

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Thurs. close	Change on week	Stock	No. of changes	Thurs. close	Change on week
Racal Elect.	140	216	[illegible]	Glaxo	106	[illegible]	[illegible]
BTR	131	664	+37	Jaguar	104	332	-14
ICI	124	824	+38	Gestetner "A"	102	93	+8
Shell Transport	117	[illegible]	[illegible]	Cable & Wire.	100	[illegible]	[illegible]
Hanson Trust	115	333	[illegible]	GEC	97	200	[illegible]
BP	111	505	[illegible]	Brit. Telecom	96	127	[illegible]
Falcon Res.	110	[illegible]	[illegible]	Lucas Inds.	96	282	+21

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. Φ Bargains done the previous day.

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS (coupon payable in London)

CORPORATIONS—FOREIGN

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATER WORKS

UNLISTED SECURITIES MARKET

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Fishermans Pet (£1) 62 3 (23/1)

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

CONTRACTS

Racal-SMS wins ship weapon systems work

Under a £8.5m contract, **RACAL-SMS** is to become the ship weapon system authority for the Royal Navy's new aviation training ship, currently being converted from a container vessel by Harland and Wolff in Belfast. Racal-SMS becomes responsible for all aspects of design, procurement, installation and commissioning of the complete weapons system. Under the procurement phase of the contract Racal-SMS will be responsible for purchasing and delivery of all the weapons to be used in the ATS. Included are surveillance and navigation radars, communications equipment, navigation aids, and sonars. The company, in association with Harland and Wolff, will plan and manage the integration, siting and installation of equipment. Racal-SMS will also plan and manage the weapon system aspects of ship's commissioning, harbour and sea acceptance trials. Among the electronic equipment to be used is Racal-SMS's advanced multi-console, distributed processing Cane series action information system. Cane will provide comprehensive facilities for command weapon co-ordination, helicopter control, STOVL aircraft control and air, surface and sub-surface tactical situation display.

*

FERRANTI OFFSHORE SYSTEMS has been awarded contracts worth over £4m by Total Oil Marine for control systems for the Alwyn North drilling and production platforms.

*

FLAKT PRODUCTS, a division of Flakt Limited, has received an order valued at £115,000 for Optivent VAV Systems and KDA air handling units to be installed in the new Ilford central library. The order is from Matthew Hall Mechanical and Electrical Engineering.

*

Leicester-based **FREDERICK PARKER** has received two orders from the Orkney Islands worth a total of over £250,000. The orders are from the Orkney Council and Orkney Builders of Kirkwall. Both are for crushing, screening and storage plant for producing stone aggregate for local construction projects.

*

The Birmingham and Bridgwater Building Society has placed a £750,000 order with **BRITISH OLIVETTI** to provide computer terminals for all its branches throughout the Midlands and South West. To be installed over the next two years, the system will eventually service more than 160 counter positions at the Birmingham and Bridgwater's 73 branches — with direct links to the Society's mainframe computer in Birmingham, where all customer records are held.

*

COLT INTERNATIONAL has received a £369,000 contract from Sir Robert MacAlpine for the supply and installation of automatic fire ventilation equipment in the Nissan Washington factory.

*

Contracts worth around £300,000 have been awarded to **WALTHER COUPLINGS** for multi-couplings for platform and sub-sea use on North Sea oil/gas installations. They are for phase one of the Statoil Gullfaks A production platform and for the Texaco Highlander project.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a Boulevard Royal, Luxembourg.
Inv. Adv. M & G Inv. Mngt. Ltd. London.
WwdGthFd $11.77 .... —

Wren Commodity Management Ltd
10 St George St, Douglas, Iom. 624 2501
Wrtn Cm Fd 12.7 13.2 .... 3.1
Chinese Fd 58.8 61.2 .... 1.7
PrecMetFd 71.4 74.3 .... 8.3
CanCmdvFd 20.3 20.9 .... —
Fin Fut Fd 32.5 33.8 .... —

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.
Dynamic Gth Fd 58.96 −0.14 —

Money Market Trust Funds

Nom Apr Int Cr Notice

The Money Market Trust
63 Qn Victoria St, EC4P 4ST. 01-236 09..
Call Fund 11.89 12.29 6mth Call
7-day Fund 11.38 11.75 6mth C..

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE. 01-236 142..
Call Fund 11.69 12.03 6mth Call
7-day Fund 11.54 11.87 6mth C..
Mny Mg Acc 1.37 11.87 6mth Call
Dollar 7.00 7.12 6mth C..

Money Market Bank Accounts

Nom Apr Int Cr Notice

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 607..
TreasAcc 11.375 11.87 Qtr Call
MthIntChq 11.25 11.85 Mth Call

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-628 806..
Cheque Acc 11.25 11.85 Mth Call

Barclays Prime Account
PO Box 126, Northampton. 0604 25289
HighIntChq 11.50 12.00 Qtr Call

Britannia Grp of Investment Companies
29 Finsbury Circ, EC2M 5QL. 01-555 277..
Cater Allen 11.50 12.13 Mth Call

Charterhouse Japhet plc
1 Paternoster Row, EC4M 7DH. 01-248 39..
Sterling 11.25 11.849 Mth C..
U.S. Dollar 8.00 8.300 Mth C..
German Marks 5.0 5.116 Mth C
Swiss Francs 2.0 2.018 Mth C
Japanese Yen 5.0 5.166 Mth C

Co-operative Bank
78-80 Cornhill, EC3. 01-626 6543 Ext ..
Under£1000 10.00 10.38 Qtr C..
Over£1000 12.00 12.55 Qtr C..

Dartington & Co Ltd
Dartington, Totnes, Devon, TQ9 6JE. 0803 86227
MnyMktAcc 11.50 11.97 Qtr Call

Henderson/Bank of Scotland
38 Treadneedle St, EC2P. 01-628 806..
MyMthCqA 11.25 11.85 Mth Call

Lombard North Central plc
17 Bruton St, W1A 3DH. 01-409 3434
NoticeDep 11.50 10.25 Ret 14day

M & G Kleinwort Benson
91-99 New London Rd, Chelmsford. 0245 51651
HighItChAc 11.50 12.18 Daily Call

Midland Bank plc
PO Box 2, Sheffield. 0742 20999 Ext 8738
HighIntChq 11.60 12.11 Qtr Call

Provincial Trust (formerly Choulartons)
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 9011
Cheque Acc 12.25 12.96 Mth Call

Save & Prosper/Robert Fleming
28 Western Rd, Romford, RM1 3LB. 0708 66966
High Int Acc 11.15 11.80 Daily Call
Premier Acc 11.15 11.80 Daily Call

[illegible] & Co
[illegible] Victoria St, Bristol BS8 48.. 0272 73224
[illegible] Ac 11.73 12.26 Qtr C..
MoneyAcc 11.50 12.00 Qtr Cheq

[illegible] Schroder Wagg & Co Ltd
[illegible] House, Portsmouth. 0705 82773
Special Acc 11.60 12.24 Mth Call
Over£10000 11.85 12.52 Mth Call

NOTES—Interest rates given both as nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ♦ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ●● Only available to charitable bodies.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
105⅝	100¼	Treas. 15pc 1985	100	.....	14.97	12.57
102¼	99	Exch. 12pc Cnv. '85	99	.....	12.01	12.24
97¾	93	Treas 3pc 1985	97	+¼	3.08	11.55
102⅝	99½	Treas 11½pc 1985	99	+¼	11.51	11.98
99⅛	96	Treas 8¼pcCnv '85	98⅝	+	8.87	11.70
104	99	Exch. 12¼pc 1985	100¼	+¼	12.22	11.92
103	99	Exch. 11¾pc '86	100	+⅛	11.75	11.21
102	96	Treas. 10pcCnv 1986	98	+	10.25	11.78
93¾	88¼	Treas 3pc 1986	93½	+¼	3.21	8.35
102	96¼	Exch. 10½pc Cv '86	98⅝	+	10.65	11.64
104	99	Treas 12pc 1986	100	+	11.94	11.61
98¾	93½	Treas 8¾pc 1984-86‡‡	96	+	8.83	11.34
108	102	Exch. 14pc 1986	103⅞	+¼	13.48	11.51
89	85	Exch. 2½pc 1986	88	+	2.81	9.44
107	100	Exch. 13¼pc 1987	103	+	12.65	11.44
100⅞	94½	Treas 10¼pcCv '87	97¼	+¼	10.49	11.55
87¼	83¼	Exch 2½pc 1987	86	+	2.29	9.85
101	94½	Exch. 10½pc 1987	96	+	10.70	11.46
92¼	87	Funding 6½pc '85-87‡‡	90⅝	+	7.17	11.31
99⅝	92⅞	Treas. 10pc 1987	97	+	10.31	11.46
86⅝	81	Treas 3pc 1987	85½	+⅛	3.51	9.78
105	97¼	Treas. 12pc 1987	101	+	11.87	11.51
94	87	Treas 7¾pc 1985-88‡‡	91⅞	+	8.44	11.01
100¾	92	Exch 10½pc '88	97	+	10.82	11.66
98	89	Treas 9½pc Cv '88	95	+	10.26	11.59
82	77	Transport 3pc '78-88	82¼	+¼	3.69	9.55
96	88	Treas. 9½pc '88	93½	+	10.16	11.67
10[illegible]	94	Treas 11½pc 1989	99½	+	11.56	11.67

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

1984-85 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
20⅝	14½	Amer Medical Int $1	20⅜	+¼	60c	—	2.7
37¼	20¾	Amer. Nat. Res. $1	36⅞	−⅛	h$1.41	—	3.4
19½	10⅝	American T. & T. $1	19½	+¼	$1.20	—	5.5
67¾	43¼	Ameritech $1	67⅛	.....	$6.00	—	9.0
22⅛	15	Amfac‖	22⅛	.....	$1.44	—	5.9
30½p	16½p	♦AmdTech‖	29p	−¾	—	—	—
17⅛	10¼	Bankamerica $1.5	16	+	$1.52	—	8.1
56⅝	27½	Bankers N.Y. $10	56	+⅛	$2.70	—	4.3
10⅛	865p	BASIX Corp.	927p	−38	12c	—	1.2
71⅛	46⅛	Bell Atlantic $1	69	−⅛	$6.40	—	8.3
30¼	19½	Bellsouth $1	29⅝	−⅛	$2.60	—	7.9
20⅞	12	♦Beth Steel $8	17⅝	.....	60c	—	3.1
21⅛	11	Bowater Inc.	21	+⅛	72c	—	3.1
38	19⅝	Brown'g-Fer. 16⅔c	38⅛		$1.08	—	2.5
34	16⅝	Brunswick Corpn.‖	35⅞	−¼	80c	—	2.1
875p	405p	♦Business Computer	475p	+8	—	—	—
35½	24	CPC Intnl. 25c	35½	.....	$2.20	—	5.6
23¼	14	CSX Corp U.S.$1.00	25¼	+⅛	$1.04	—	4.0
15	10⅛	CalFed Inc $1.00	15	.....	32c	—	1.8
61½	39	Campbell Soup 60c	35⅞	−1⅞	$2.50	—	4.0
54	24	Caterpillar Tractor‖	29	.....	50c	—	1.5
12	643p	Centrex Corp. 25c	875p	.....	1c	—	0.1
47⅞	27	Chase M'hn $12.5	46	−⅝	$3.65	—	7.0
34⅝	17	Chemical New York	34	−½	$2.36	—	6.2
32	22	Chesebrough-Pond's $1	31	−½	$1.92	—	5.4
31⅛	15	Chrysler $6¼	31	.....	$1.00	—	2.8
39⅛	19	Citicorp $4	38	−¼	$2.06	—	4.8
23½	14	Colgate-P. $1	22	−⅛	$1.28	—	5.0
52	35	Colt Inds. $1	52	−½	$2.50	—	4.3
29⅝	17	Cons. Foods $1⅓	28	−⅝	$1.30	—	4.2
155p	43½p	Cont Illinois Hldgs $	136p	.....	—	—	—
275p	115p	♦Corporate Data Scnce.	115p	−5	—	—	—
31⅝	20⅛	Crown Zell. $5	30⅛	−⅛	$1.00	—	2.9
25	9	Cullinet Sftwr $0.1	25⅛	+⅜	—	—	—
711p	321p	Damson Oil 40c	424p	−25	—	—	—
26	15	Data Corp. $1	26	+⅛	$1.28	—	4.4
59	27	Data General	59	+⅞	—	—	—
116p	60p	♦Derma-Lock Medical	76p	.....	—	—	—
64⅝	54	Dun & Bradstreet $1	63½	−1⅛	$1.88	—	2.7
51½	27	Eaton Corpn. 50c	51½	+¼	$1.20	—	2.1
43	24	♦Exxon‖	42	−1¼	$3.40	—	7.3
40⅛	38	FPL Group $0.01	40⅛	.....	$3.76	—	8.4
17¼	331p	Fir. Corpn. Amer. 50c	916p	+7	h34c	—	3.3
21¼	13	First Chicago $5	21⅝	.....	$1.32	—	5.5
17	11	Fluor Corpn. 62½c	16½	−½	40c	—	2.2
45	23	Ford Motor $2	44	+1½	$2.00	—	4.1
32	16	GATX 62½c	32⅛	+⅛	$1.20	—	3.3
59⅛	34	Gen. Elect. $1¼	59⅛	+1⅛	$2.20	—	3.3
50	31	Gen Foods Corp $1	49	−¼	$2.50	—	4.6

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
39	12	A1 Ind. Prods.	36	.....	8—	—	—	—
375	210	APV 50p	248	+7	11.25	2.3	6.7	7.4
167	116	Adwest Group	164	+2	6.7	2.2	5.8	11.0
46	22	Aden (W.G.)	22	.....	♦—	—	—	—
530	415	Ash & Lacy	413	+3	20.0	2.5	6.8	7.5
*18½	7	Astra Ind'l. 5p	7¾	.....	g0.13	—	2.3	—
21½	15	Aurora 10p	17	.....	—	—	—	—
21	11	Do. 9pcCvCmRdPf.	19	−½	9%	—	6.8	—
174	122	Babcock Intl.	170	+13	††7.0	2.5	5.9	8.9

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

1984-85 High	Low	Stock	Price	+ or −	Div Net
119	102	♦Brentsmade	111	.....	b2.5
100	33½	Comfort Int. 10p	97	.....	♦0.74
40	28	Epicure Hldgs.	33½	.....	1.56
240	82½	♦Gardner's Rest. 10p	240	.....	h1.13
360	270	Grand Met. 50p	297	+5	9.2
56	37	♦Hon Leisure 5p	53	−1	0.42
55	45	♦oM Enterprises 20p	50	.....	Q22½%
277	174	Kennedy Brookes 10p	270	.....	b1.12
281	182	Ladbroke 10p	271	+4	♦9.52
350	172	Lon Park Hotels	350	.....	♦7.38
245	115	♦Midsummer Inns £1	205	.....	g3.0
81	50½	Mt. Charlotte 10p	80	.....	♦1.03
28	12½	Norfolk Capital 5p	24	−½	0.25
135	56	Prince of Wales	100	.....	h1.5

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

هكذا اصل الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- fl No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	90	+2	Arnott	146	.....
Craig & Rose £1	£11	.....	CPI Hldgs	55	.....
Finlay Pkg. 5p	62	+15	Carrol Inds.	99	.....
Higsons Brew	112	.....	Dublin Gas	65	.....
Holt (Jos) 25p	840	.....	Hall (R. & H.)	44	.....
IoM Stm. £1	130	.....	Heiton Hldgs.	16	+½
IRISH			Irish Ropes	35	.....
Exch 12% 1985	£99	.....	Jacob (W. & R.)	68	.....
Nat. 9¾% 84/89	£84	.....	TMG	72	.....
Fin. 13% 97/02	£89⅝	.....	Unidare	78	.....

OPTIONS — 3-month call rates

Industrials	**p**	GKN	16	Turner Newall	9
Allied-Lyons	15	Hanson Tst.	22	Unilever	80
BAT	38	Hawker Sidd	38	Vickers	18
BOC Grp.	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	50	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	38	Ladbroke	20	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props.	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds.	24	**Oils**	
Brit. Telecom	7½	Marks & Spcr	10	Brit. Oil & Min	4½
Brown (J.)	3	Midland Bk	33	Brit Petroleum	38
Burton Ord	32	NEI	9	Burmah Oil	19
Cadburys	14	Nat West Bk	54	Charterhall	6
Comm Union	15	P & O Dfd	26	Premier	6
Courtaulds	11	Plessey	20	Shell	55
Debenhams	19	Polly Peck	25	Tricentrol	22
Distillers	24	Racal Elect	34	Ultramar	22
Dunlop	5	RHM	19	**Mines**	
FNFC	7	Rank Org Ord	24	Charter Cons	21
Gen Accident	42	Reed Intnl	50	Cons Gold	42
Gen Electric	20	Sears	7	Lonrho	14
Glaxo	90	TI	38	Rio T Zinc	60
Grand Met	26	Tesco	8		
GUS 'A'	55	Thorn EMI	42		
Guardian	58	Trust Houses	12		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 18

FINANCIAL TIMES

Saturday January 26 1985

MAN IN THE NEWS

The core of the Apple

BY LOUISE KEHOE IN SAN FRANCISCO

"MY BOSS, my co-leader and my friend" is how Steve Jobs, chairman and co-founder of Apple Computer, introduces John Sculley, the former Pepsi Cola president whom he persuaded to become Apple's president in 1983. "Steve and John," as everyone at Apple calls the company's top two executives, are firm friends—on and off duty.

A critical aspect of Sculley's success at Apple has been his ability to define complementary roles for himself and the highly-gifted young man who hired him. Jobs, 29, represents the youthful enthusiasm, spirited independence, and creative vision that is Apple Computer. Sculley, 46, has managed to temper that spirit, on both a personal and corporate level—with focus and discipline, bringing out the best in Jobs and in Apple.

"A lot of what I do at Apple is coaching and training," says Sculley. "He is helping us to grow into our jobs," explains Mike Murray, 28, who finds himself in charge of marketing the Apple Macintosh Comuter. "A year ago, the Macintosh group was 50 people. Now we are a division with 750 people and $1bn in revenue. None of us has ever done anything like this before."

Sculley, however, is able to guide, encourage and direct the young Macintosh division managers. "He's seen it all before, but in a very different context," says Murray.

Sculley won his reputation as a consumer marketing genius for introducing the "Pepsi generation." Over the past year, he has lived up to that name at Apple.

With the introduction of the Apple Macintosh in January 1984, Sculley began the biggest and most expensive advertising campaign (a prize-winner) in the history of computers, based on promoting "Apple Awareness." When Apple bought every inch of advertising space in the election edition of Newsweek, it was downright outrageous — just the reaction Sculley wanted.

He grins as he tells employees that Apple brand awareness is now higher than that of Pepsi and more than twice as high as IBM's personal computer.

The highest-paid executive in in California (income last year about $1.7m), Sculley dresses for comfort, rather than style. He would not be noticed in a crowd. *His easy manner and* quiet self-confidence have quickly endeared him to Silicon Valley. He is one of the rare East Coast managers to come West and be quickly accepted in the Valley.

His enthusiasm for Apple is infectious. "The past 20 months have been the most exciting of my life," he says. Like the parent of a wayward child, Sculley is gently but firmly moulding the company. His first goal was to introduce "team work and discipline," which meant eliminating internal rivalries. This year, he plans to teach Apple executives about accountability, setting goals and being responsible for meeting them. "It's one of the few *things that big corporations do* better," he tells them. Most importantly, Sculley has taught Apple that it has a lot to learn as it grows into a multi-billion dollar company.

But like all the best "parents," Sculley will know when to let go. He does not believe that the company should be run by an old man. And he is germinating plans for a third career, possibly starting his own hi-tech company, combining his interests in art and his new fascination with technology.

But pity those who would emulate him. Sculley rises daily at 4.30 am to do a three-to-five-mile run. He is often at work by 6 am, his first meeting at 7 am. Twelve hours later he may *still be there.*

Howe calls for Tory Party unity

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

SIR GEOFFREY HOWE, the Foreign Secretary, yesterday launched a counter-attack against Tory critics of the *Government and appealed to* them to "maintain the cohesion of our party."

Unless momentum were maintained towards achieving government policies, a Labour Government might be returned to power bringing "disaster to our nation," he said.

Sir Geoffrey, addressing the Cambridge University Conservative Association, was clearly speaking as a close confidant of the Prime Minister rather than as Foreign Secretary.

His words were aimed at Conservative MPs who have staged a series of Commons rebellions on different issues and are arguing that the Budget should contain plans for more spending on infrastructure rather than for increases in tax thresholds.

Sir Geoffrey's speech came two days after Lord Stockton (the former Tory Prime Minister Mr Harold Macmillan) criticised Government economic policies in the televised debate in the Lords.

With leading "wets" obviously in mind, Sir Geoffrey called for less emphasis on personalities and personal grudges. He felt "astonishment and incredulity" — at allegations that the Government was too rigid and ideological. He conceded, however, that Conservative objectives could not become reality with very high levels of unemployment. "We cannot be content until unemployment comes down and stays down."

Conquering inflation was not on its own sufficient to create growth, prosperity and jobs. There had to be liberalisation of the economy to encourage enterprise and create jobs. That was the objective of the second phase which the Government had now entered.

Sir Geoffrey claimed that the Conservative Party occupied the newly created "common ground" of politics. It had made concepts such as privatisation and the supremacy of parliament over the trade unions readily understood.

In the Government's second phase it had to continue enlarging and consolidating this common ground if it was to keep up momentum and achieve success.

Emphasising the Government's flexibility, he said: "We do not believe in absolutes about economic policy. Public spending is not always wrong. Neither is it always right.

"We do not think sound money more important morally than full employment. We know that you cannot have the second without the first."

Sir Geoffrey, nevertheless, rejected calls from those Tories who are demanding spending on the infrastructure in the Budget. That, he said, would not solve basic problems of job creation.

He did not accept the arguments of those who decried the lightening of the tax burden. It was intolerable that people on one third average earnings paid 40 per cent tax. If the tax thresholds were to be raised, the Government had to keep control over public expenditure.

Tougher EEC farm price plan

BY IVO DAWNAY IN BRUSSELS

M FRANS ANDRIESSEN, the EEC's new Farm Commissioner, has drawn up plans to introduce an austere agricultural prices package in the next marketing year which begins in April.

Papers which have not yet been circulated generally in Brussels show that the commissioner intends to take a firmer grip on the Community's runaway farm spending than was planned in a first draft prepared by his officials.

The initial package, leaked earlier this month, remains largely intact. Changes that have been made, however, indicate that Mr Andriessen has opted for stronger restraints.

In the key cereals sector, the final draft calls for a 3.6 per cent price cut compared with the 3.1 per cent first proposed. For dairy prices — the most expensive regime — the original 2 per cent price rise has been pulled back to 1.5 per cent.

The proposals still have to be considered by Mr Andriessen's 13 Commission colleagues in Brussels on Wednesday, but observers believe that any further changes will be marginal.

Reaction from farmers and some member states is, as always, likely to be angry. As a whole, the cost of price increases is intended to be broadly balanced by savings from price reductions so that the financial pact is neutral. Farmers organisations are seeking a 3 to 4 per cent rise.

It is also believed that the proposals will conform with farm ministers' undertakings to restrain farm spending as far as possible within the Ecu 19bn to Ecu 20bn (£11.8bn to £12.4bn) ceiling foreseen by the draft EEC budget, which the European Parliament still refuses to adopt.

That, however, will depend on a number of unknown factors, ranging from the scale of harvests to the value of the dollar—a key component in the cost of export subsidies for EEC farm produce on world markets.

The strongest national objections to the package are likely to be voiced by West Germany. Herr Ingaz Kiechle, the German Farm Minister, has said that he will oppose any cut in grain prices, and the most vigorous battles when ministers meet are expected to be in the cereals sector.

In fact, the Commission's proposals soften rules that require a 5 per cent cut in grains prices when surplus production exceeds a pre-fixed level. This was fixed for 1984-85 at 121.3m tonnes and will be exceeded by a bumper harvest totalling more than 140m tonnes. The UK has already given notice that it will seek the full price cut.

Other countries likely to object to the proposals are Italy and Greece, which seem certain to argue that northern Community products are favoured unfairly at the expense of those from the Mediterranean. Italy will regard as hostile a plan to cut fruit and vegetable prices by up to 10 per cent in some cases.

Mr Andriessen has signalled his determination to tackle this sector by fixing the range of price alterations for the various products from between plus 1 to minus 10 per cent.

Other changes to the leaked draft include a markedly tougher cut from colza or nilseed rape, where a price reduction has been increased from 2 per cent to 3.6 per cent, and rye, which has been reduced from a 3.9 per cent cut to 4.4 per cent. In a concession to Italy, durum wheat has escaped with a price freeze.

The final draft maintains original proposals to leave unaltered current prices for rice, sugar beet, olive oil, wine and meats; and a range of between zero and 5 per cent reductions for tobacco.

Lucas loses two senior managers

By Stefan Wagstyl

TWO senior managers have resigned from Lucas Industries, the Birmingham-based motor and aerospace components group. They are Mr Keith Wills, 48, and Mr Marcus Beresford, 42, who have left Lucas Electrical, the group's ailing electrical and electronic car components subsidiary.

Mr Wills was the subsidiary's managing director and a member of the group's executive committee. Mr Beresford was general manager of the subsidiary's key Lucas Electrical and Electronic Systems operation, where several high-technology products are being developed.

Lucas last night refused to comment on the reasons for the changes.

The group is known to be concerned about the performance of Lucas Electrical which has not made a profit for at least five years. Its workforce has been cut by a third to 21,000 since 1979.

Lucas Industries, which has recovered from its first loss in 1980-81 to pre-tax profits of £32.6m in the year to last July, is striving for better returns on its £1.4bn turnover.

Lucas Electrical, with annual sales of about £250m, has faced particular difficulties because it is more dependent on UK car manufacturers, particularly BL, than other group vehicle component operations such as Girling brakes.

It is now rationalising its starters and alternators business with the loss of 700 jobs.

Lucas Electrical and Electronic Systems, a joint venture in which the Lucas group holds 80 per cent and Smiths Industries 20 per cent, is thought to have bright prospects as the proportion of electronic components in cars increases. It has, however, suffered delays and reductions in orders from BL, its main customer.

Mr Willis is to be replaced by Mr Bob Dale, managing director of a smaller but recently more successful group operation, Lucas World Service.

Lucas Industries has yet to appoint a success to Mr Beresford. It also has to replace two other senior men at Lucas Electrical who have announced their resignation in recent months: Mr Ian Donovan, finance director, and Mr John Lapthorne, finance manager of Lucas Electrical and Electronic Systems.

ICI and Revenue both claim victory

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

ICI and the Government both claimed victory last night in the High Court action in which the company had complained about tax concessions granted to its UK petrochemicals competitors.

The court ruled yesterday that the concessions, granted after Shell and Esso told the Government that, without its help, they would have to abandon their £500m joint petrochemicals plant at Mossmorran, Scotland, did not, as ICI had argued, amount to illegal subsidies in breach of European Community law.

But Mr Justice Woolf also held that the Inland Revenue had adopted a wrong approach to the valuation for tax purposes of ethane gas from the Brent Field, the main gas source for Mossmorran. The valuation produced a price well below the market price, the judge said.

The judge deferred making any orders on the basis of his judgment until the two sides had had an opportunity of studying his ruling. ICI and the Government both indicated that they would consider appealing.

ICI had sought a series of declarations to the effect that the Government was acting in breach of its statutory duty and violating the Treaty of Rome by giving the oil companies discriminatory aid.

The case concerned the price at which North Sea oil companies can sell ethane gas to their petrochemical associates. Ethane is used to make ethylene which is used in the manufacture of a range of petrochemical products.

ICI makes ethylene from naphtha, a substance not covered by the arrangement. The company contended that its oil rivals had been enabled to reduce their tax burden by selling ethane at about half the market price.

Special provisions were introduced into th e1982 Finance Act after Shell and Esso told the Government that their Mossmorran project was at risk, with serious implications for employment in Scotland. BP negotiated a similar arrangement in respect of its petrochemicals plant at Grangemouth.

ICI complained that its exclusion would have serious consequences for its petrochemicals plant at Wilton, Teesside, with 9,000 employees.

The judge said that, because of the current depressed state of the Western European ethylene market, ICI was concerned about the consequences of Mossmorran coming on stream.

ICI would be at a disadvantage, in relation to both Mossmorran and Grangemouth, because of the natural advantages of ethane. It also complained that the Government had given Shell, Esso and BP an additional advantage in the form of an artificially favourable fiscal regime.

ICI contended that the proper value of Brent Field ethane in 1982 was 26p per therm; the Government's valuation produced a figure of 10p

Mr Justice Woolf said the Government's figure was well below the price that would attract other ethane users, which would be prepared to pay at least 15p per therm.

NUM Continued from Page 1

also prove difficult for it to win the reinstatement of the many hundreds fo men dismissed for alleged or proven offences against coal board property during the strike.

There was confusion last night on what kind of assurances the coal board and Government wanted. Mr George Younger, the Scottish Secretary, told reporters in Scotland that these need not be written down, in flat contradiction of what the Prime Minister said in a television interview on Thursday evening.

Mr McGabey told a rally in Scotland that Mrs Thatcher could not "demand that the union commits itself before entering the negotiating chamber."

Mr Neil Kinnock, the Labour leader, said Mrs Thatcher's dmand for a written guarantee of concessions was "vindictive, pathetic and shrewish."

However, Mr Michael Eaton, the coal board's communications chief, said that the assurances required would be contained in the agreed agenda for talks, to be drawn up next week.

A further 170 new faces returned to work yesterday, bringing the total for the week to 3,386, the highest total since November.

Some 9,300 have returned so far this year, bringing the number claimed by the coal board as not on strike to 77,000.

John Hunt writes: The Government insisted yesterday *that there could be no settle*ment of the coal strike on a "false or fudged basis." One senior figure said that, rather than that, he would prefer to have no agreement at all.

It was, however, emphasised that there was no intention of trying to humiliate Mr Scargill and the NUM leadership. The Government's role in the dispute, it was argued, was justified because it was in effect the "banker" to the coal board and had invested large sums of money in the pits.

BBC Continued from Page 1

increased and staff numbers reduced, redundancy payments would mean that no savings would show up in cash flow terms for at least 18 months — half way through the next licence fee period.

Peat Marwick noted that the BBC had implemented management improvements suggested by them two years ago. These include a series of rolling reviews into the efficiency of every BBC department by Deloitte Haskins & Sells, the BBC's auditors.

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Trade

fall in the pound's value in late European trading amid concern over oil prices before the Organisation of Petroleum Exporting Countries' imminent talks in Geneva.

Sterling fell to $1.1105 at the London close, down 70 points from Thursday, while it lost 1 pfennig against the D-mark to end at DM 3.52.

The Bank of England took advantage of the relative strength of index-linked gilts to announce the issue of £250m of existing stocks in two tranches.

The £150m of index-linked 2½ per cent Treasury 2003 and £100m of index-linked 2½ per cent Treasury 2020 will go on sale on Monday.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Hurst (Charles)	205	+ 55
Exch. 10pc 1989	£94⅞	+ ½	Lister	58	+ 6
Treas. 14½pc 1994	£114	+ ⅞	Ldn. & Ed'burgh	223	+ 12
Addison Comms.	265	+ 63	Metal Box	432	+ 20
Allied-Lyons	189	+ 12	Page (Michael)	375	+ 118
Allied Textile	355	+ 26	Ransomes Sims	490	+ 32
Aspinall	135	+ 15	Renold	61	+ 8
Berkeley Explrtn.	135	+ 10	Ruo Estates	490	+ 65
BP	517	+ 12	Samuelson	840	+ 60
Ewart New Nthn.	270	+ 30	Shell Transport	717	+ 12
Falcon Resources	320	+ 15	Systems Designers	495	+ 35
Finlay Packaging	62	+ 15	Tilbury	134	+ 6
Fisher (A.)	124	+ 8	Willis Faber	650	+ 20
Hampton Areas	182	+ 15	FALLS:		
Hanson Trust	342	+ 9	Racal Elect.	212	− 4
House of Fraser	338	+ 18	Wholesale Fitt'gs	270	− 50

WORLDWIDE WEATHER

UK today: Cold. Sunny periods. Scattered wintry showers in E. and Scotland.

	Y'day midday	°C	°F		Y'day midday	°C	°F		Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	F	11	52	Corfu	S	17	63	Luxmbg.	C	0	32	Peking	C	−3	27
Algiers	S	16	61	Delhi	[illegible]	3	37	Madeira	S	17	63	Perth	S	[illegible]	[illegible]
Amsdm.	C	5	41	Dublin	C	5	41	Madrid	C	5	41	Prague	F	1	34
Athens	F	17	63	Dbrvnk.	S	13	55	Majorca	S	14	57	Rykjvk.	F	−4	25
Bahrain	S	20	68	Edinbgh.	C	1	34	Malaga	S	15	59	Rhodes	S	16	61
Barcina.	S	12	54	Faro	C	14	57	Malta	F	15	59	Rio J'o			
Beirut	S	15	59	Florence	C	5	41	M'chstr.	F	7	45	Rome	C	10	50
Belfast	Fg	1	34	Frankft.	C	0	32	Melbne.	S	23	73	Salzbrg.	C	−1	30
Belgrd.	S	4	39	Geneva	S	4	39	Mx. C.				S'cisco			
Berlin	[illegible]			Gibrltr.	F	14	57	Miami	C	16	61	Singapr.	F	32	90
Biarritz	F	12	54	Gl'sg'w.	C	1	34	Milan	S	4	39	S'tago	[illegible]		
Bmghm.	C	4	39	G'nsey.	R	8	46	Montrl.	F	−10	14	Stckhm.	S	−14	7
Blackpl.	C	7	45	Helsinki	S	−18	0	Moscow	C	−2	28	Strasbg.	C	1	34
Bombay	S	32	90	H. Kong	C	15	59	Munich	C	−1	30	Sydney	C	21	70
Bordx.	C	10	50	Innsbrk.	F	−3	27	Nairobi	F	26	79	Tangier	F	14	57
Boulgn.	C	4	39	Invrnss.	S	−4	25	Naples	C	11	52	Tel Aviv	S	21	70
Bristol	C	6	43	I.o.Man	F	8	46	Nassau				Tenerife			
Brussels	C	4	39	Istanbul	F	15	59	Nwcstl.	C	1	34	Tokyo	S	3	37
Budpst.	S	3	37	Jersey	C	7	45	N Delhi	S	13	55	Toronto	Sn	−6	21
Cairo	S	19	66	Jo'burg				N York	C	1	34	Tunis	F	13	55
Cardiff	C	4	39	L. Pims.	F	19	66	Nice	F	12	54	Valencia	F	15	59
Cape T.	S	28	82	Lisbon	R	14	57	Nicosia	S	16	61	Venice	C	3	37
Chica'o	F	[illegible]	[illegible]	Locarno	S	2	36	Oporto	R	11	52	Vienna	C	−1	30
Cologne	C	[illegible]	[illegible]	London	C	3	37	Oslo	Sn	−11	12	Warsaw	Sn	−1	30
Conbgn.	C	−1	30	L. Ang.:	C	11	52	Paris	C	5	41	Zurich	S	1	34

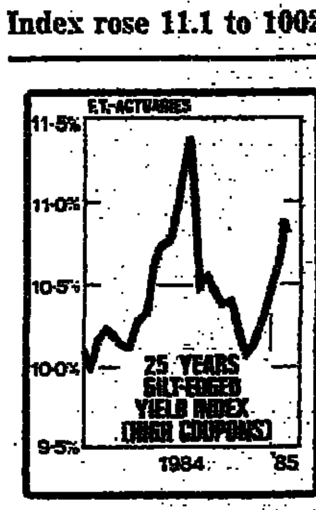
C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

Jobbers caught in a bear squeeze

London's jobbers will not forget the last fortnight in a hurry. They began the account short of stock and, try as they might, simply could not find enough paper to square their position. Volume in the London market has been remarkably heavy throughout the account and the jobbs appear to have taken a veritable hammering from buyers on both sides of the Atlantic. Yesterday evening, Waterloo station played host to some very unhappy individuals.

Index rose 11.1 to 1002.8



The jobbers received a little assistance from the personal sector, but the supply from that source was nothing like sufficient. The last account has strengthened the argument for a move to single capacity sooner rather than later, although the brokers who were queueing up to become market-makers a few months ago may by now be having second thoughts.

Fund managers had none too enjoyable a time of it either. Equities are now showing all the symptoms of a bull market disease. If an investment trust can launch a deeply discounted rights issue and see its share price go up, as happened this week, something has to be wrong. But, with the market still so buoyant, it takes a bold institution to take the obvious course and start selling.

The equity market has, after all, taken the recent rise in interest rates in its stride as easily as the collapse in sterling which provoked it. The gap between the yield on long gilts and the FT All-Share Index, now close to 7 per cent, is wide enough to suggest that either gilts are too cheap or equities too dear. For the moment, the market seems to prefer the former hypothesis but it would not be at all surprising to see a vigorous shake-out in equities before long. Certainly, if it comes, the jobbers will do little to resist the momentum.

Sangers

This week has seen a good many unconventional corporate transactions but yesterday Sangers, the photographic wholesaler, left the competition standing with a proposal of quite breathtaking audacity. Last September, the company announced that it was negotiating a U.S. acquisition and promptly suspended its shares. The document which finally emerged yesterday made the reasons forthe long delay perfectly plain.

Sangers has constructed a deal with a group called Pavion, modestly described as one of the fastest growing private companies in the U.S., which markets cheap cosmetics under the "Wet 'n' Wild" brand name. Sangers, which has lost money in each of the past three years and shows a deficit of almost £1m on its revenue reserve, is proposing to buy Pavion for $24m—10 times book net worth andfour times forecast pre-tax profits—and to finance the deal through a nine-for-eight rights issue and £9.2m issue of unsecured loan stock.

The most remarkable feature of this scheme is the payment and remuneration package being offered to Pavion's controlling shareholder, Mr Stanley Acker. A Sangers subsidiary called Dover will lease two New York properties from Mr Acker and spend $150,000 on improving them; it will also lease certain equipment from him and meet some of his tax bills. When Mr Acker joins Dover, he will participate in a profits-related bonus plan, distributed at a profit-sharing retirement plan, an executive deferred compensation programme and in a bonus equivalent to 2.5 per cent of Dover's gross sales. Mr Acker also receives a starting salary of $350,000 which would continue to be paid even after his death (Dover has insured against this unhappy possibility at an additional annual cost of $300,000). The lucky Mr Acker is also being offered 2.8m Sangers shares at a discount by Sangers' principal shareholder and will receive a five-year service contract renewable, at his own option, for a further five years.

Mr Acker's family owns 50 per cent of a company which wil provide up to 30m lipstick cases to Dover over the next three years on an arms length basis. He receives both cash and Sangers shares for the Pavion business, while he and the other vendors are also paid $350,000 towards the costs and expenses of the transaction. The company hopes that this deal will broden Sanger's base of institutional shareholders. But the institutions, unaccustomed to transactions quite as Wet 'n' Wild as this, may well well decide it is one they can do without.

Unit trusts

Last year, the average UK-based unit trust investing in U.S. equities could have shown a return of 26.6 per cent. Only 1.4 per cent of that would have come from a rise in the S & P composition index; the rest would have been currency appreciation. Unfortunately, the average trust in fact made just 6 per cent on its American shares in 1984.

Part of the problem was stock-piling—the UK trusts were largely weighted towards small companies and high-tech stocks, both of which performed lamentably. The rest of the shortfall arose because managers thought the dollar was riding for a fall and were determined not to wipe out the previous year's share gains through currency depreciation.

So some took out back-to-back loans—borrowing in dollars to buy the stocks and putting the equivalent amount of sterling on deposit. (Their trust deeds do not normally allow them to hedge in the forward market or by using options or futures.) This meant they were doubly hit—since dollar interest rates were higher than sterling's, the loans were expensive to service.

Having burnt their fingers once, some are reluctant to hedge again this year—which in theory is nonsense, since if they thought the dollar was overvalued then, it must be even more so now. Others are continuing on the grounds that they do not want to end up being caught both ways.

What last year's fiasco has done is to turn attention towards European markets. American shares may be good value, the reasoning goes, but the currency risk is high; Japan is already expensive and Australia and Canada are not going anywhere. So far this year, four European unit trusts have been set up. The strength of the dollar cuts both ways since Europe now looks cheap to American investors. If you can't beat them, join them, seems to be the tactic these days.